Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt £E2.25	Lebanon SL100.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$85
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr7.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,307 Monday August 10 1987 D 8523 A

EC mergers: rigid rules versus self regulation, Page 2

World News

Libya and Chad clash over desert border town

Libyan aircraft bombed Chadian troops along the disputed border strip between the two countries, one day after Chad claimed to have routed the forces of its north African enemy.

A Chadian official in Paris said the bombings were "intense and incessant." He gave no other details. On Saturday, Chad claimed its forces had recaptured the border town of Aouzou and recovered the border strip. Page 14

French entry curbs

France tightened its entry visa requirements in a further effort to halt illegal immigration. Page 2

Satellite plunge

A Soviet satellite launched on August 1 was out of control and about to re-enter the earth's atmosphere, possibly tonight, a West German astronomer said. The Soviet news agency Tass said risk of damage was insignificant.

Philippines crackdown

President Corazon Aquino, angered by the murder of a senior cabinet minister a week ago, ordered a crackdown on illegal firearms but rejected the use of emergency measures to curb growing violence in the Philippines.

Tokyo protest

Police in Tokyo arrested five right-wingers near the Soviet Embassy as about 700 demonstrators demanded the return to Japan of four northern islands held by the Soviet Union since the end of the Second World War.

S Korea demos

Workers demanding better pay and conditions demonstrated in four South Korean cities as industry officials warned that 200 companies faced closure because of labour unrest.

AIDS barriers

AIDS is unlikely to spread in China because homosexuality and casual sex are illegal and contrary to Chinese morality, Public Health Minister Chen Minzhang was quoted as saying.

Lebanon foes unite

Druze militiamen joined forces with their traditional Christian foes to carry the coffin of Christian Finance Minister Camille Chamoun - who died after a heart attack last week - to his grave in the Shouf mountains.

Guerrilla warning

The outlawed West German urban guerrilla group Red Army Faction has regrouped and is planning a fresh wave of attacks, a state counter-intelligence chief said in Bonn.

Saudis accuse Iran

Saudi Arabia's ambassador to the US accused Iran's leaders of inciting Shia Moslems to riot during a pilgrimage to Mecca 10 days ago, when 400 people were killed.

Moslem suspects

Tunisia named and published photographs of two Moslem fundamentalist militants suspected of being involved in last week's hotel bombings in which 13 people, including five Britons, were injured.

US-Egypt exercise

The US aircraft carrier Saratoga accompanied by a cruiser and two frigates arrived off Alexandria for land, air and sea manoeuvres with Egypt.

Afghan rebels killed

Thirty-five Afghan rebels were killed and 20 injured in an ambush near the Pakistan frontier, a guerrilla leader said.

Neolithic village

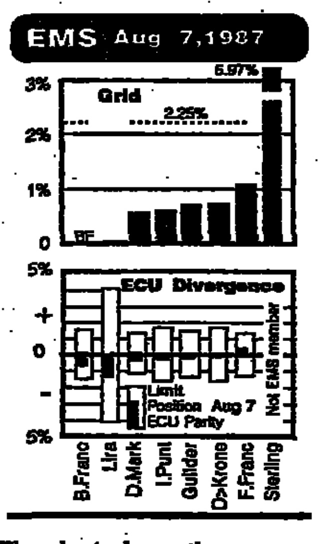
British archaeologists found traces of a Neolithic village, dating back about 10,000 years, at Tel Afar in Nineveh province, northern Iraq.

Business Summary

IBM loses market share in Europe

IBM, world's largest computer group, suffered a serious setback in the European data processing market last year, according to a US computer magazine study. The group's market share in Europe dropped to 35.3 per cent from 39 per cent in both 1985 and 1984, although overall European revenues were boosted 21 per cent to $15.7bn by weakness of the US dollar. Page 14

EUROPEAN MONETARY SYSTEM: A stronger dollar helped to keep EMS trading quiet last week. The French franc was the strongest member of the system, with the Belgian france remaining the weakest, and the D-Mark steady around the middle, as its potential strength was blunted by demand for the dollar. Lloyds Bank's International Financial Outlook commented that a realignment seems unlikely before the fourth quarter. By this time, the dollar is forecast to be losing ground to the D-Mark.



The chart shows the two constraints on European Monetary system exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (Ecu), itself a basket of European currencies.

DOME PETROLEUM, the debt-laden Canadian energy company, has rejected a C$449m (US$338.6m) offer from the Australian-controlled Giant Yellowknife Mines for its 21.5 per cent interest in Dome Mines, one of Canada's oldest gold mining companies. Page 15

HARLEY-DAVIDSON, US maker of heavy motorcycles, showed a steady improvement in earnings in the second quarter to June, advancing to $5.4m or 88 cents a share from $3m or 67 cents a share. Page 15

HONG KONG has backed away from a legal ban on companies creating defensive two-tier share structures, but made clear at the weekend that these would be sanctioned only in "exceptional circumstances". Page 17

UK TAKEOVERS: Institutional pressure appears to have solved the problem of convertible shareholders' disadvantageous position when a bid is made for their company. Page 13

HIGHVELD STEEL & Vanadium, South African steel and ferro-alloys manufacturer, increased turnover slightly in the six months to June despite the lack of an increase in domestic steel consumption. Sales rose to R387m ($185.6m) from R377m but interim pre-tax earnings dropped to R36.0m against R42.1m. Page 17

TOKYO stocks rose sharply in Saturday's half-day session, pushing the Nikkei average up 361.08 to close at 24,658.23. World Stock Markets, Page 26

EQUITIES TRADE: Details have emerged of a £570m ($890m) portfolio trade through the London stock market, possibly the largest instant reconstruction of an institutional portfolio since Big Bang. Page 6

SOCIETE Generale de Belgique, leading Belgian industrial group and the subject of takeover speculation, will today announce a BFr3bn ($76.6m) rights issue. Page 17

New Iran threats as convoy moves deeper into Gulf

BY ANDREW WHITLEY IN DUBAI AND ANDREW GOWERS IN LONDON

THE SECOND convoy of Kuwaiti-owned tankers with US naval escorts was sailing up the Gulf yesterday, accompanied by mine-hunting helicopters, after a surprise departure from its anchorage in the Gulf of Oman in the early hours of Saturday morning.

The voyage coincided with fresh Iranian threats against Western interests and with intense Western diplomatic activity aimed at imposing an international arms embargo on Iran following its apparent rejection of a three-week-old United Nations call for a ceasefire in the Gulf war.

Yesterday afternoon, the three reflagged Kuwaiti tankers - two oil product carriers and a liquid petroleum carrier - were sighted north of the Qatar peninsula, escorted by four warships and making good progress towards their destination. Small helicopters flying from the convoy were reported to be dragging sonar devices through the water to try to detect mines. The ships were expected in Kuwait some time today.

After an unhappy maiden run two weeks ago, when the supertanker Bridgeton hit a mine, the US Navy was taking no chances. The convoy observed strict radio silence as it made its way up the waterway in close formation, at varying speeds. All other shipping was repeatedly warned to stay well clear.

Aircraft flying from the carrier Constellation, anchored outside the Gulf, are understood to have jammed Iranian shore-based radar systems as an additional precaution. These radars would assist Iran's Silkworm shore-to-ship missiles positioned around the Strait.

As the convoy sailed up the Gulf, Iran kept up its bitter criticism of the Western military presence in the region. Tehran radio said yesterday that the Western warships gathered there might be the precursors of a United Nations fleet designed to put pressure on Iran to comrpomise in its war with Iraq. It said they would be attacked if they confronted Iran.

Mr Mir Hussein Mousavi, the Iranian Prime Minister said in an interview with Tehran radio: "As long as the superpowers intend to be present...the Persian Gulf will remain full of mines and continue to be a dangerous region for ships."

The focus of international diplomatic activity is likely to shift this week to intensified efforts to follow up the UN Security Council's resolution three weeks ago ordering an immediate ceasefire.

Iran has all but formally rejected this call. Mrs Margaret Thatcher, the British Prime Minister, has been in contact with a number of world leaders over the past week, including Mr Mikhail Gorbachev, the Soviet leader, to urge support for a second resolution which would impose an international arms embargo on Iran. Further meetings are likely on the issue at the UN this week.

Consultations are likely to continue between the US and its European allies over possible joint action to protect shipping in the Gulf in the event of a further serious worsening of the situation.

Reagan gives cautious welcome to Central American peace plan

BY LIONEL BARBER IN WASHINGTON

PRESIDENT RONALD Reagan has cautiously welcomed the Central American peace plan agreed in Guatemala City last week, but made clear that any regional pact must take into account the interests of the US-backed Contra rebels in Nicaragua.

The plan calls for simultaneous ceasefires in the region's civil wars, an end to external help to rebel forces and a ban on irregular or regular forces using one country's territory to attack another.

The first response from the Contras was not encouraging."We are in no way going to lay down our arms. The fight goes on," a Contra spokesman said.

The preliminary accord has set a fresh challenge for the Reagan Administration which has until very recently used military rather than diplomatic methods to achieve peace in the two countries fighting internal rebellions, El Salvador and Nicaragua.

Although the peace process is still in its earliest stages and several months of hard bargaining lie ahead, commentators and politicians in Washington yesterday said it offered an impoverished region real potential for ending years of war.

Mr Reagan's equivocal blessing of the outline accord - which came in his weekly radio address on Saturday - illustrates the dilemma facing him only days after he submitted his own peace plan to the five political leaders of Costa Rica, Honduras, El Salvador, Nicarauga, and Guatemala.

On Wednesday, Mr Reagan announced a plan agreed with the Mr Jim Wright,the Speaker of the House of Representatives and Texas Democrat, which focused largely on ending the civil war in Nicaragua.

It set a 60 day deadline for a ceasefire along with the restoration of civil liberties, a framework for free elections, and the withdrawal of Soviet bloc support for the left-wing Sandinista Government. Mr Wright yesterday appeared to jettison the US plan in favour of the plan between the five leaders. ' The guatamala plan must prevail,' Mr Wright said on US television.

The Guatemala plan appears to place more emphasis on the suspension of US military aid to the right-wing Contra rebels. Its architect, President Oscar Arias of Costa Rica, said on US television yesterday that the Sandinistas had long used the Contra rebels as an excuse for abolishing civil liberties in Nicaragua.

Mr Arias said: 'Some people are very hesitant and some people are not optimistic. But we have 90 days (the timetable for a cease-fire) to prove whether they (the Sandinistas) are sincere.'

President Daniel Ortega of Nicaragua said fighting would continue until a ceasefire was established. Until then, he said, the Sandanistas must continue "annihilating" the Contras.

But the Nicaraguan Government, in what seemed like a conciliatory move, indicated that it would withdraw a suit filed against Costa Rica in the International Court of Juistice in the The Hague in July 1986, charging Costa Rica with indirectly supporting the Contras by allowing them to operate from its territory.

Mr Wright said he also had some doubts about the good faith of the Sandinistas, but he described last Friday's pact as 'a historic step' to peace. He made clear, too, that he expected President Reagan to delay issuing a request to Congress for further military aid to the Contras. The present $100m aid runs out on September 30, which coincides with the Reagan-Wright deadline for a cease-fire.

Mr Wight said he was prepared to consider humanitarian aid, such as money for food and medicine, while regional peace talks were underway. Democrats criticised Mr Wright last week for entering into talks with the White House.

They said that if the diplomatic route failed Mr Reagan would be well-placed to argue for military aid. But Mr Wright - in the wake of the events in Guatamala City - had achieved a 180-degree shift in opinion.

Now Mr Reagan is said to be boxed in: if he applies for military aid, he risks being accused of derailing a peace process organised by the Central American leaders themselves. A key obstacle remains the Sandinista request for direct bilateral negotiations with Washington.

Editorial comment, Page 12; Panama protest, Page 13

Gold and coal miners chant slogans at a black township east of Johannesburg as the industry prepares for a nationwide stoppage

Thousands back strike call at S African mines

BY ANTHONY ROBINSON IN JOHANNESBURG

A TRIAL of strength between black miners and the major South African mining houses began last night when thousands of gold and coal miners failed to turn up for the Sunday evening shift. Today, many striking miners are expected to heed union instructions and start returning to their homes for the duration of the strike.

At a rally close to the gold and coal mines around Secunda in the East Rand, Mr James Motlatsi, president of the National Union of Mineworkers called on union members to maintain discipline, reject intimidation and prepare for a possibly lengthy strike.

On Saturday, the Congress of South African Trade Unions warned that state intervention would be countered by sympathy strikes in other key industries. "We see the NUM strike, along with the wave of wage strikes in other sectors, as a high point in Cosatu's living wage campaign," it added.

Both union and mining executives are anxiously awaiting the first indications of how many miners will leave their hostels, how many of the 28 gold and 19 coal mines involved will be affected and how long the strike will last.

The NUM, which claims 261,000 paid-up members, called on them to sit out the strike at home to prevent violence and hopes that over 200,000 will desert the mines. It also plans strike ballots at other mines this week to extend the action.

More than 500,000 workers are employed in South Africa's gold and coal mines. Gold accounts for half the country's foreign exchange earnings. A major question mark, however, hangs over the thousands of foreign migrant workers from Mozambique, Malawi, Lesotho and elsewhere in southern Africa for whom returning home presents

Editorial comment, Page 12
Continued on Page 14

EC plans rules to control conduct of takeovers

By William Dawkins in Brussels

THE EUROPEAN Commission is preparing EC-wide rules to control the conduct of takeover bids in the latest of a series of moves to extend its influence over corporate acquisitions and mergers.

A draft directive, expected to be ready for Brussels to present to member states by the end of the year, would set minimum standards for protecting shareholders at the receiving end of takeovers. Commission officials are pressing for rules to have full statutory backing in national law, rather than the informal system of conduct now used in Britain and the Netherlands.

The proposal would force bidders to inform the victims and the authorities four days before launching an offer so the target company would have time to consult financial advisers.

It stipulates that the management at the receiving end of the bid must always act in their company's interests, thereby outlawing so-called "poison pill" defence tactics.

Also included in the draft is the minimum content allowed for bidders' offer documents. These must state, among other things, the offering price, possibly the price the bidder paid for shares it already holds (this is only an option), the class of shares involved and the percentage ownership the bidder is aiming for. Offer documents must also include the bidder's plans for the company's future management and staff, proposes the Commission.

The bid target's shareholders should be given free access to the predator's accounts to help them make up their minds on the fairness of the offer.

The Commission is also considering whether shareholders should be given the right to an independent valuation if the bidder is offering to pay with his own equity rather than cash.

The scheme is being strongly opposed by the UK, which does not want to see the London Stock Exchange, where the vast majority of EC bids take place - around 5,000 in the past 20 years - being forced to surrender its takeover code. As a professional agreement, the code has no formal statutory backing.

West Germany is said to feel that the Commission is trying to overstep its powers on the issue and such a directive would be difficult to impose on its complex federal legal system.

The draft takeover directive is part of the Commission's campaign to build a free internal market by 1992. It coincides with a separate attempt by the Brussels authorities to revive a long-stalled proposal to control EC-wide mergers that might

Analysis, Page 2
Continued on Page 14

BCI to sell international side to New York investors

BY JAMES BUCHAN IN NEW YORK

BCI HOLDINGS, the Chicago-based group which owns the former Beatrice Companies' food operations, is to sell its international side to a partnership headed by Mr Reginald Lewis, a black New York investor. The $985m deal is expected to create by far the largest black-owned business in the US.

BCI Holdings, which was created after Beatrice went private in a record-breaking $6.2bn leveraged buy-out, will announce today that it has agreed to sell Beatrice International Food to TLC, a Wall Street investment firm headed by Mr Lewis.

Beatrice International Food, which last year made operating profits of $139m on revenues of $2.5bn, consists of 64 companies doing business in 31 countries. The group owns such brand names as Callard & Bowser confectionery and Butterball poultry in the UK, and derives the bulk of its revenues from food processing and distribution in Europe.

Drexel Burnham Lambert, the Wall Street investment firm which pioneered the issue of high-yielding or "junk" bonds for acquisitions, has issued a firm commitment to finance the transaction. Units in Canada, which have operating income of $27m on revenues of $367m, are immediately to be sold to Onex Capital, a Toronto-based leveraged buy-out group, for a sum estimated at $225m, with TLC retaining 20 per cent.

Mr Lewis, aged 44, who apparently outbid Citicorp, Shearson Lehman and Morgan Grenfell of the UK for Beatrice International Food, came to prominence only at the beginning of July. A practicing lawyer until 1983, he stunned Wall Street last month by announcing a 90-to-1 return on his first major investment, a leveraged buy-out of McCall Pattern, a company which makes patterns for home sewing.

Mr Lewis, whose group invested $1m in equity in McCall in early 1984, sold 80 per cent of the business last month to John Crowther of the UK for $63m in cash and assumed debt. The group had already enjoyed distributions of $27m.

Market awaits UK indicators

BY CLIVE WOLMAN IN LONDON

THE KEY UK economic indicators, to be published this week, are being accorded more than their usual importance by the London stock market because of the sharp 6 per cent average fall in share prices last week and uncertainty about the reasons behind last Thursday's rise in interest rates.

The surprise decision of Mr Nigel Lawson, the Chancellor of the Exchequer, to push up interest rates from 9 to 10 per cent on Thursday has aroused speculation that the official statistics will show signs that the economy has been overheating.

The most keenly awaited statistics, after May's large current account deficit of £561m, are the June trade figures to be published on Tuesday.

Since Thursday's rate change most stockbroking analysts have edged up their forecasts for a published deficit of between £100m and £250m ($157m and $392m). An anticipated deficit on visible trade of £600m to £800m is expected to be substantially offset by an invisible surplus. Any figure worse than £250m is likely to trigger a further fall in the market.

Mr Giles Keating, the economist at Credit Suisse First Boston, believes Mr Lawson had some indications of poor trade figures before he pushed up interest rates. But, he says, his main concerns were probably

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CONTENTS

France tightens visa rules to cut illegal entry

BY PAUL BETTS IN PARIS

THE FRENCH Government tightened its entry visa requirements at the weekend in a further effort to halt illegal immigration into the country.

The conservative administration of Mr Jacques Chirac introduced controversial visa requirements for all foreigners except EC and Swiss citizens last autumn as part of a package of security measures after a wave of terrorist bombings in Paris last September.

It has now stepped up the visa procedure by requiring all foreigners wishing to come on a visit of three months or less to show proof of their financial means and their intention of making a return journey. As in the case of the original visa requirement, the measures do not apply to EC and Swiss nationals.

Tourists and business visitors will be asked by French consulates abroad to submit the necessary proof of their travelling intentions by showing their return tickets, travellers cheques, credit cards or other appropriate documents before being granted a three-month visa.

The French interior ministry was at pains to emphasise that the latest measures were not designed to make life more difficult for bona fide tourists and professional visitors, but were part of the efforts to stop illegal immigrants entering France. The authorities claim there are at present 100,000-300,000 illegal immigrants in France.

The interior ministry also said it had asked passport control officers at frontier posts and airports to check much more rigorously the financial means of visitors arriving in France without a visa. If these visitors cannot satisfy the passport control authorities, they will not be issued a visa at the frontier and will be turned back.

Slow rate of growth expected in W Germany

WEST GERMANY'S gross national product will grow by only 1.75 per cent in real terms next year after rising by an estimated 1.25 per cent this year, according to the Ifo economic research institute, Reuter reports from Munich.

Ifo's forecasts are lower than the Bonn government's targets of 1.5 to 2 per cent this year and 2.5 per cent next year.

In a monthly report, Ifo said that growth would be too weak to bring about an improvement in the labour market. Unemployment will rise to 9.0 per cent on average this year and 9.1 per cent next year, compared with the current rate of 8.7 per cent.

Mr Otto Schlecht, state secretary at the Economics Ministry, last week called Bonn's targets entirely realistic but independent researchers say the government is being too optimistic.

Ifo said: "The development of the West German economy since the autumn of 1986 shows more than a temporary disturbance of the growth process. Developments since then mark a clear reduction of the growth rate."

Industrial output may fall slightly and industry will be unable to contribute much to growth in gross national product in the next few months.

Ifo said exports would pick up next year but improvements would be constrained by the continued strength of the D-Mark. Planned tax cuts, however, are expected to boost domestic demand next year.

'Casual' remark on security services causes a furore, reports **John Wyles in Rome**

Cloak and dagger politics intrigue Italians

ITALY'S SUMMER holiday newspaper reading looks likely to be richly enlivened by a dark assertion at the weekend by Mr Oscar Luigi Scalfaro, the former Interior Minister, that attempts have again been made to exploit the secret services for possibly sinister purposes.

An almost throw-away line buried deep in an interview published by the Corriere Della Sera on Saturday has sparked a magnificent furore which will run and run and focus maximum attention on Mr Scalfaro's current political disappointment.

Respected more for his integrity than his political clout, Mr Scalfaro chose to stand outside the new Italian government headed by the Christian Democrat Mr Giovanni Goria because he was not allowed to retain the Interior Ministry post he has held for the last four years.

This went to 80-year-old Mr Amintore Fanfani, partly as a reward for his recent efforts as caretaker Prime Minister and partly because when the veteran party boss asks for something people think twice about refusing him.

Oscar Scalfaro: dark assertion

Most of the newspaper interview was a delicate wielding of the stiletto against the already wounder persona of Mr Ciriaco De Mita, the secretary of the Christian Democrate party and the man responsible for Mr Scalfaro's evident dissilusion.

Hhis choice of the party's 14 Ministers in the Goria government has reawakened old internal rivalries and brought accusations that his only concern was to safeguard his own position by appeasing the most powerful factions. Mr Scalfaro revealed that Mr De Mita confessed to him that he did not have the courage to refuse Mr Fanfani the Interior Ministry.

There is no suggestion that Mr Scalfaro was referring to Mr De Mita when he told the Corriere reporter: "I know that someone on the outside has asked some people in the secret services some favours and information."

But he sparked a chorus of demands from other parties for the naming of names and for reassurances that the secret services were not getting up to their old tricks. These have most recently included involvement of top officials in the senior P2 masonic P2 masonic lodge which was discovered and clamorously discredited six years ago as a right-wing vehicle for capturing control of the country's main institutions.

Twenty years ago the secret service was implicated in coup d'etat plots and was discovered to have built up 33,000 dossiers rich in material which at least 7,500 leading personalities would not have wished to be widely known.

Giovanni Goria: new head of government

These were allegedly destroyed in 1974 after a parliamentary assault which was supposed to have resulted in stronger political control. Sisde, the domestic intelligence branch, became the Interior Ministry's responsibility and Sismi, the military branch, went to the Defence Ministry. Overall co-ordination was given to the Prime Minister's office.

The immediate questions raised by Mr Scalfaro's deceptively casual revelation asked whether the dossiers on personalities were destroyed in 1974 and, if so, whether the secret services have begun compiling new ones in violation of parliamentary instructions.

A Liberal Party spokesman pointed out at the weekend that the approach would not have been made unless the "someone" knew that there was information to be had. The Social Democrats, meanwhile, have demanded that Mr Scalfaro come clean and tell what he knows.

Mr Scalfaro assured the Corriere that the "someone" in search of information had received "the answer he deserved." This did great credit to the services, he said, adding that they thought "of the national interest" and not of personal machinations.

To which might be added that Mr Scalfaro's integrity as Minister of the Interior might have guaranteed good behaviour at Sisde, but with the Ministry in other hands . . .

Shultz aide in Israel to push case for talks

A SENIOR aide to US Secretary of State George Shultz has arrived in Israel to try to persuade Prime Minister Yitzhak Shamir to accept an international Middle East peace conference, Reuter reports from Jerusalem.

Mr Charles Hill, executive assistant to Mr Shultz, will hold talks with Mr Shamir and Foreign Minister Shimon Peres, who are deeply divided over the issue, Israeli and US officials said.

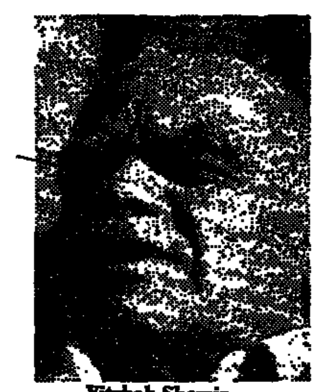
Mr Shamir rejects efforts by Mr Peres, Europe and most Arab countries to convene a UN-sponsored conference. Mr Shamir views it as a Soviet-inspired scheme to force the return of Arab land captured by Israel in the 1967 Middle East War.

Until recently, Washington was cool to the idea of a conference attended by the five permanent members of the UN Security Council – including the Soviet Union – but has changed its view at the urging of Mr Peres, Egypt and Jordan.

Mr Shultz last week said he was sending Mr Hill to Israel because it was important to grasp any opportunity for Middle East peace. He said his aide would hold in-depth talks with Israeli leaders.

Mr Hill's trip follows a visit to Israel last month by Egyptian Foreign Minister Ahmed Esmat Abdel-Maguid who told his hosts a unique chance for peace would be lost if they failed to accept an international conference. He urged it be arranged this year.

Mr Peres, whose Labour party shares power in an uneasy coalition with Mr Shamir's Likud bloc, has failed to break up the Government over the conference issue for lack of the parliamentary majority Mr Peres would need to call for new elections.



Yitzhak Shamir

● Thousands of ultra-orthodox Jews clashed with police yesterday in Jerusalem during demonstrations against Saturday film screenings which religious Jews say desecrate the Sabbath.

Security sources said five men were arrested after protesters threw stones and bottles at police guarding the city's Beit Agron auditorium during a Saturday showing of "Lassie Come Home."

Police and paramilitary border police units kept journalists away from the scene of the disturbance.

City by-laws forbid commercial entertainment but allow "cultural events" on the Jewish day of rest, which lasts from Friday evening until after dusk on Saturday.

Organisers of the weekend movies say the screenings are cultural and within the law, but the city's many ultra-orthodox residents say the shows could create a precedent which would harm Jerusalem's spiritual character.

Police used tear gas to disperse both religious protesters and secular counter-demonstrators.

Left-wing parties regularly send activists to counter the religious protests

S Korean workers in protest over pay

WORKERS demanding better pay and conditions demonstrated in four South Korean cities yesterday as industry officials warned that 200 companies faced closure because of labour unrest, Reuter reports from Seoul.

Police said about 26,000 workers, who were also demanding the right to form free trade unions, staged sit-ins at about 80 companies in Pusan, Ulsan, Changwon and Masan.

No violence, arrests or injuries were reported, police said.

In other labour unrest, hudreds of coal miners occupied a railway station in the eastern town of Taebaek, halting trains linking Seoul and eastern South Korea for more than 15 hours.

In the south-west city Kwangju, bus drivers went on strike, causing serious traffic problems. Police were unable to give further details.

Worker unrest has risen sharply in an atmosphere of political liberalisation since July 1, when the military-backed government of President Chun Doo Hwan conceded opposition demands for reform, ending nearly three weeks of violent street protests.

Officials at the Association of Small and Medium-Sized Companies said about half the 200 firms supplying parts to the South Korean auto industry would have to halt production unless the problems facing the country's largest business group, Hyundai, were settled.

Hyundai's vehicle assembly line in Ulsan has been idle for three days because of strikes at four parts suppliers.

Hyundai's auto division, which has an annual capacity of 700,000 vehicles and aims to export 450,000 this year, is due to resume production today but officials said it was unclear whether the assembly line could be re-activated as scheduled as a strike at one parts company was continuing.

Villagers pay final tribute to Chamoun

BY NORA BOUSTANY IN DEIR AL QAMAR

VILLAGERS danced with the coffin of Mr Camille Chamoun, Lebanon's former Prime Minister, held shoulder high in a last emotional tribute before he finally was laid to rest yesterday in Deir al Qamar, a Christian town under Druze Moslem control.

Living up to old mountain traditions of hospitality and magnanimity, Druze chieftain Walid Jumblat led a delegation of white-turbaned Druze sheikhs to welcome Mr Chamoun's family after a 40 km journey from Christian areas of the Chouf.

Druze militiamen rushed to the motorcade to hoist Mr Chamoun's wooden casket on their shoulders as soon as it approached the entrance to Deir al Qamar.

The 87-year-old Christian Maronite leader died of a fatal heart attack in hospital Thursday and was given a state funeral in Christian-controlled East Beirut yesterday which was attended by President Amin Gemayel.

The church bells of Deir al Qamar resonated through the hilltop village at a slow and definite pace to signal mourning, while townspeople gathered in the square around a water fountain under the blazing sun to await their deceased leader.

The preparations were sober and understated, with no black ribbons or fanfare but only a few banners bidding Chamoun, Deir al Qamar's "leader, symbol and flame" farewell and declaring that its "loyal son" had returned to its embrace for good.

In the 400-year-old Knist Seydet al Tall, the Church of the Lady of the Hill, the chants of women rang out across the valley. Mayor George Dib Neemeh cried while eulogizing Me Chamoun who "was everything for Deir al Qamar and bound to it in an unending love affair."

Out of its original christian inhabitants of 30,000 only 2,500 remain according to headmen in the village. A bloody mountain war and three-month siege which began in September 1983 and ended at Christmas that year drove the residents of some 70 christian villages out of the Chouf, but Mr Chamoun lobbied with Mr Jumblat as well as international quarters to save his town.

Mr Jumblat's Druze Progressive Socialist Party spared Deir al Qamar and gave it special status and protection in the midst of the Druze heartland.

Marcel Abi Khalil could not conceal his sense of loss. "The mighty one has fallen. Deir al Qamar will only live with the memory of Chamoun. He left us at a delicate time," the old man said dejectedly.

Walid Jumblat predicted that the Christian leaders who have outlived Mr Chamoun will be reduced to bickering.

Mr Jumblat said: "There is no one to dialogue with anymore. With the late President Chamoun, though a political adversary, there was always a basis for dialogue but not with this band of vultures (surviving Christian leaders)."

Asked why he had made the gesture of allowing Mr Chamoun's burial despite a rift with the Christian camp that had revived historical hatreds and massacres, the Druze leader said: "This was a gesture addressed to the Chamoun family and meant to show the world that it is always possible (for Lebanese) to live together."

Chinese economic reforms under attack

BY ROBERT THOMSON IN PEKING

CHINA'S ambitious economic reform programme is under intensified attack by conservative Communists following the largest increase in inflation since the revolution in 1949.

Food prices in the Shenzhen economic zone, where the government is experimenting with reform, rose by up to 65 per cent in the first half of the year, by far the highest rate since the hyper-inflation of pre-revolutionary years.

The government, concerned that the increase will cause social unrest, has frozen reforms designed to let the market set food prices and put ceilings on many prices in Shenzhen, near Hong Kong.

Meanwhile, the Peking Daily published a front-page article with the theme that "inflation is not as bad as you think" in an attempt to reassure residents in the Chinese capital that economic reform is working.

Inflation is officially said to be running at around 7 per cent nationally, but officials admit that the rate in Shenzhen, which is meant to be leading the way in reform, was 60 per cent in the first six months, with vegetable prices rising by 65 per cent.

The rate in the rest of the country is thought by diplomats to be around 12 per cent, providing ammunition for conservative Communists who argue for an increase in state control over the economy and the re-introduction of subsidies.

Ordinary Chinese complain bitterly about price increases, though they admit reform has improved the food supply and given them more choice. A Peking taxi driver, who is better paid than most workers, complained that "every time I go to the market prices go up."

The People's Daily, the communist party newspaper, blamed speculators for price rises, as did the director of the state administration for industry and commerce, Ren Zhonglin, who said yesterday: "These wrongdoings have affected the normal development of reforms."

He said that profiteers were earning "huge" amounts by re-selling state-supplied goods and that some state-owned enterprises had also made massive profits by illegally increasing prices. Mr Ren announced that all private sellers at markets must list the prices of goods, and said price increases were being restricted, but claimed the measures were designed to "further stimulate the markets" and "guarantee the smooth progress of reform."

Last year's official inflation rate was 6 per cent, up from 2.5 per cent in 1985 — both figures are considered by diplomats to be gross underestimates.

Inflation is certain to be high on the agenda at a Communist Party congress in Peking in October, when economic policies for the next few years will be debated and the economic reform programme begun in late 1978 will be reviewed.

Orthodox Marxists in the Communist Party argue that allowing markets to set prices is chaotic, and that there should be a return to the pre-reform days of state-controlled prices, while reformers in the party have promised that further price reforms will be introduced this year.

Congress acts on US debt extension

By Lionel Barber in Washington

THE US Congress has approved a short-term debt extension for the Federal Government and delayed until September discussions aimed at reducing the Federal budget deficit.

Late last week, the US Senate and the House of Representatives approved motions to raise the debt limit to $2.35 trillion (thousand billion) and to give the government sufficient borrowing authority to last until September 23.

The measures were approved just before Congress went into summer recess until September 9.

They effectively put on ice efforts by Congress to revive the Gramm-Rudman-Hollings balanced budget law which mandates spending cuts to tackle the $180bn deficit.

Lagos lifts curbs on interest rates

The Nigerian Government has lifted controls on interest rates, the country's central bank announced, AP reports from Lagos.

The bank said "in recognition of the fact that the effects of interest rate controls have been more adverse than favourable in prompting the development of the financial system, all controls on interest rates are hereby abolished."

Banks had not been allowed to charge more than 15 per cent interest.

Banking sources said at the weekend that the decision lifting interest controls was accompanied by an order to reduce the rate of credit expansion to the private sector from 8 per cent to 7.4 per cent.

The sources said this would continue the present credit squeeze and would slow business activity.

Police use riot shields to combat Swedish youths

BY SARA WEBB IN STOCKHOLM

POLICE USED riot shields and horses to deal with an estimated 1,000 rampaging teenagers over the weekend in the less salubrious parts of central Stockholm.

Youths have gathered around Kungstradgarden and Sergels Trog to throw Molotov cocktails and stones at police every evening since Thursday, and have smashed windows in nearby shops and offices.

Between 100 and 150 policemen have been brought in each night to patrol these areas, which are common meeting places for drug addicts, drunks, pimps and buskers, as well as for Hare Krishna fans and impromptu demonstrators protesting against South American regimes.

The police have arrested between 20 and 30 ringleaders and chief offenders each night, but say they have had to release most of them as they are too young to be charged with committing criminal offences.

The chief reason behind the violence appears to be boredom. In television and radio interviews the teenagers have complained of having nothing to do, and police say that they are accustomed to dealing with such teenage vandalism just before the school term begins.

"This year the violence has been much worse than before," said a police spokesman.

Uganda hit by Libyan oil supply delays

BY OUR KAMPALA CORRESPONDENT

PETROL SHORTAGES in Kampala are continuing into their third week amid delays on oil supplies bought under Uganda's commodity exchange deal with Libya and disagreements between the Ugandan Government and Western oil companies over payments.

Mr Bidandi Ssali, Uganda's Energy Minister, said last week that the main reason for the shortage was a delay in turnround time on the railways at Tanzania's Dar Es Salaam port, where oil supplies from the Gulf — backed up by supplies from Libya — arrive.

The delayed Libyan oil amounts to 2½ weeks of Uganda's fuel consumption — or 13,000 tonnes of premium, diesel and kerosene. The consignment was due to arrive in Uganda in July in return for 4,000 tonnes of Ugandan coffee and other produce. However, Uganda had only sent 1 000 tonnes of coffee to Libya by last week.

Mr Ssali said that, because oil companies had leftover stocks from June and because the Libyan oil was expected, the Ugandan Government had given oil companies $3m — half the usual monthy allocation in foreign exchange.

He claimed that $4m for August had been allocated in good time, but that arguments among the six oil companies—Shell, Agip, Total, Caltex, Esso and Upet—concerning how much each was to receive had prevented them from collecting the money until Wednesday

In addition, the Ugandan Government has turned down their appeals for compensation for the loss of 30 per cent of their deposits during a major currency reform exercise in May in which a conversion tax was imposed.

Following a 76 per cent devaluation in the Ugandan shilling at the same time, the oil companies are pushing for a profit margin of Ugandan shillings 5.40 per litre, while the Government thinks Ugandan shillings 3.90 is enough.

There are disputes, too, on whether the Government should settle its debts with oil companies at the old exchange rate of Ugandan shillings 14 to the dollar, or the new rate of Ugandan shillings 60. Mr Ssali said that this was still being discussed.

Air-India buys jets in deal with Boeing

AIR-INDA, the Indian airline, has signed an agreement with Boeing of the US for the purchase of two Boeing 747-300 Combi (passenger and cargo) aircraft, writes R. C. Murthy in Bombay.

The two aircraft, costing £3.72bn, will be delivered in October and November next year.

Air-India plans to deploy the new aircraft primarily on European routes to provide six flights a week, of which five will be non-stop services out of either Bombay or Delhi.

They will also provide cargo capacity to replace the presently leased Boeing 747s.

The airline is also evaluating MD-11s and Airbus A-340s for use on routes with thin traffic.

Brussels plan for takeover code runs into resistance

Britain wants a flexible and sophisticated approach, reports **William Dawkins**

EVERYTHING THE City of London stands for is being challenged by sweeping new rules for an EC-wide takeover code being prepared by the European Commission.

That, at least, was one diplomat's reaction to the 49-page draft directive on takeovers, which is now being rushed through the commission machinery in time for a formal proposal to member countries by the end of the year.

The scheme is provoking more antipathy from Britain than from any other member state, even at this early stage of its formation. This is because it envisages statutory EC-wide rules—as opposed to a non-legally enforced professional code—for protecting shareholders, creditors and others at the receiving end of a takeover bid.

All this runs fundamentally counter to the City of London's self-regulatory approach.

Its supporters argue that the UK Panel on Takeovers and Mergers can act fast and change fast to adapt to new circumstances in an increasingly active and sophisticated takeover scene, precisely because it does not have statutory backing.

As such, the UK Panel can do without bureaucratic interference from Brussels, argue stock exchange officials. "The rules have to be applied flexibly, otherwise they could operate contrary to the basic principles of fairness and the interests of shareholders," says Mr Peter Kenerley, secretary of the London panel. A statutory regulatory authority would not be able to do that, he fears.

The scheme has also run into opposition from West Germany, on the grounds that it thinks the Commission would be acting beyond its legal rights, and encountered deep reservations from France and Belgium.

To be fair to the commission, the draft plan does not absolutely demand a statutory takeover code, though its officials make no secret of their preference for one.

It says member states should be left to make up their own minds whether a regulatory authority "should be governed by public or private law, whether it should be a national or regional body, and whether it should be able to delegate certain of its powers."

But even if they did finally go for a City of London style gentleman's code, this would be ultimately enforceable by the European Court of Justice in Luxembourg, a notoriously overworked and often slow moving body.

The Brussels authorities argue that it is high time to have a minimum set of rules to give "equivalent protection" to all involved throughout the EC. London's claims for the virtues of self-regulation should be set against the number of financial scandals to come out of its stock market over the past year, they add.

France, they point out, has got by well enough with a statutory national takeover code enforced by its Commission des Operations Bourse.

Moreover, widely differing takeover rules in different member states could be inhibiting cross-border bids at a time when EC industries should be joining forces, the Commission fears. For all these reasons, the draft directive forms part of its 300-point plan to create a genuinely free internal market by 1992.

At this stage, however, the directive is far from set in concrete, even if at least four member states — easily enough to form a blocking minority in the Council of Ministers, the body which makes the final decision — do not like the general shape.

One important unanswered question is whether it should be limited in scope to fully quoted companies, or extend further to groups listed on secondary stock markets, or even private limited companies.

Given the differing degrees with which public equity markets are used across the EC — with around 5,000 shares quoted in the UK as against less than 2,000 in West Germany — Commission officials are studying the option of using a public offer as a blanket distinction.

The directive also intends to set the threshold at which its other rules — on issuing an offer document and giving the victim and its shareholders fair time to respond — should apply. It lists three possibilities, apart from a full bid where the predator is seeking to buy 10 per cent, 20 per cent or more than one-third

It says the predator should inform the authorities and his intended victim at least four days before launching a bid. To prevent insider-dealing, the management at the receiving end of the offer is bound to silence, though it may consult advisers. Management must also act in its company's interests, a clause designed to stop the so-called poison pill defence tactics

Also included in the scheme are the minimum contents for offer documents, which among other things must state the price, number of type of securities involved. Shareholders of price, number and type of securities involved. Shareholders of the company being bid for should also be given free access to the predators' annual accounts for the preceding three years and have the right to ask for an interim accounting statement.

However, the draft raises the prospect of taking extra steps to inform the victim's investors when the bidder plans to pay with his own shares rather than cash. Here Commission officials are considering whether to demand independent valuations.

Once the offer document has come out, the victim is given ten days to respond to make a recommendation to its shareholders, rising to not less than four weeks but no more than seven weeks for final acceptance. Throughout the process, the supervisory body would be obliged to ensure that shareholders get accurate information.

Commission officials stress, however, that the draft is at this stage only an indication of their thinking rather than a final proposal. They are due to meet national experts again in September but the signs are that it will be a hostile meeting.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D.Albino, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. Tel: 75980; Tlx: 416193; FAX: 722677.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Central American Presidents propose settlement of long-running civil wars, reports **David Gardner**

Reagan initiative prompts new regional peace plan

THE PEACE plan signed by five Central American presidents late on Friday in Guatemala City was distilled from five years of painfully slow progress towards a settlement to the region's civil wars and efforts to prevent a regional conflagaration.

The main obstacle to a settlement has been the Reagan Administration's implacable hostility towards the ruling left-wing Sandinistas in Nicaragua and its supicion of any accord which appears to legitimise their hold on power there.

It is ironic therefore that it now seems that Washington's decision to spring a new diplomatic initiative on the region last Tuesday was a major element in concentrating Central America's leaders' minds on their own faltering peace efforts and, to everyone's suprise, almost stampeding them into signing the most promising plan to date to pacify and democratise the bloodsoaked isthmus.

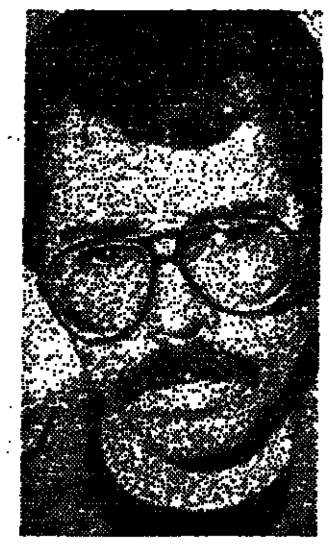
Neither Washington nor the right-wing Contra rebels it backs in their efforts to topple the Sandinistas are party to the plan, and US willingness to support its provisions is critical to its chances of success.

The plan calls for simultaneous ceasefires in Nicaragua and El Salvador's civil wars and the lower-key but older Guatemalan insurgency; an end to external arms supplies to rebel forces in the region; a ban on either regular or irregular forces using one country's territory to attack another's; and a thorough programme to foster democracy in all five countries.

The plan's provisions are due to come into effect within 90 days, to be verified in 120 days by a multilateral commission, and reviewed within 150 days at a new summit of the five presidents.

The multilateral commission is to be made up of the secretaries-general of the UN and US-dominated Organisation of American States (OAS) or their nominees and foreign ministers from the five Central American signatories and eight Latin American nations behind the earlier Contadora peace initiative.

This body will work with National Reconciliation Commissions to be set up in each Central American country, with representatives from the government, the church, all legally-registered political parties and independent notables to start a dialogue with "unarmed internal opposition groups."



Daniel Ortega: stampeded into signing

Negotiations on armaments and troop level reductions, where progress had already been made in principle, are to continue under the aegis of the Contadora group.

Though this plan embodies most of the same edifying principles of earlier peace efforts, particularly the Contadora draft regional peace treaty, there have been important differences in its drafting and management.

The accord was designed by President Oscar Arias of Costa Rica, the region's one conventional liberal democracy and staunch US ally and presented in February. But from the end of last year it has been receiving input from senior US Democratic Party politicians and their staffs, such as Sen Christopher Dodd.

This has been important in guiding the accord towards what could play well in Washington, and put the Reagan Administration on the spot.

For instance, the calendar for the Arias plan, which the Sandinistas were reluctant to accept to the last, was presented by the Guatemalans and Costa Ricans as essential if the plan were to have any chance of being considered by the US.

One of the four pro-US presidents at the summit noted privately, in addition, that they had been led to understand that the Contras had enough weaponry in the pipeline over the next 150 days for this specific calendar to be regarded with relative equanimity by the Administration.

The plan is drafted to centre on external arms supplies to irregular but not regular forces. This reassured the Sandinistas, on the one hand, since the Soviet Union can continue to arm them for the time being.

But at the same time the US can continue to prop up the failing Christian Democrat regime of President Jose Napoleon Duarte in El Salvador, which gets direct American economic and military aid of over $2m a day.

Central American officials at the summit tacitly admitted that the plan's chances of resolving the Salvadorean civil war, where the two sides remain entrenched and far apart, were bleak.

Two senior officials from the rebel Salvadorean FMLN, Mr Salvador Samayoa, and Mr Jorge Villacorta, were in Guatemala City last week but apparently unable to talk with Mr Duarte's representatives.

Thus though the sweep of the plan is regional, like the new Reagan initiative, it focuses on Nicaragua and, places heavy stress on the Sandinistas introducing greater democracy there.

The US does not recognise the 1984 elections which formalised the Sandinistas' control of government. Thus the US plan, while envisaging an immediate ceasefire, centres on the lifting of all restrictions of the opposition and the agreement of a timetable and procedure for new elections within 60 days.

For the first time, Washington dropped its long-standing explicit demand that the Sandinistas negotiate directly with the Contras.

But, as a State Department official attending the summit as an observer admitted privately, Washington appears not to have anticipated that President Daniel Ortega would cautiously welcome the US approach, much less put his name to the liberalisation measures in the Arias plan.

If the Sandinistas follow through with this, the State Department official observed sceptically, "of course we'll have to stop backing the Contras."

Garcia obeys court order to suspend Peru bank takeovers

BY BARBARA DURR IN LIMA

PRESIDENT ALAN Garcia has suspended government takeovers of the 33 financial institutions that he intends to nationalise. In doing so Mr Garcia obeyed court orders issued last week.

The 120-day takeovers had been ordered by Mr Garcia as an interim measure while nationalisation legislation was passed in Congress.

At a well-attended weekend rally of the ruling party, APRA (American Popular Revolutionary Alliance) the president announced the suspension and in an unusual display of party division was jeered by the party faithful.

Mr Garcia said: "I am not interested in temporary takeovers. What interests me is the deeper issue, nationalisation. Neither do I want it said in the future that this government fell into illegality by maintaining a takeover in spite of a court order."

At the weekend Mr Garcia also said that he was obeying the court orders because he wished to avoid giving the right wing ammunition to attack his government.

"I do not want to lead this government headlong into a dictatorship. I am not Salvador Allende. I will not permit this government to become like Allende's." Mr Allende was the socialist president of Chile overthrown in 1973

The court decisions on the legality of the takeovers are due this week. So are the Congress's first amended versions of the executive's bill.

The as yet unspecified amendments included some type of special treatment for the nationalised regional banks. worker participation in bank management and the elimination of a previous legal provision that allowed foreigners to own up to 33 per cent of Peruvian private banks.

● Mexican consumer prices rose 8.1 per cent in July after a 7.2 per cent increase in June to bring accumulated inflation for 1987 to 67.5 per cent. Reuter reports from Mexico City.

Hyper-inflation spectre haunts Argentina

BY TIM COONE IN BUENOS AIRES

THE SPECTRE of hyper-inflation has returned to the Argentine economy, with the publication of the official July inflation rate figures. According to the government statistical institute, consumer prices rose 10.1 per cent last month, and wholesale prices 8.7 per cent.

These are the highest monthly rises since the economic stabilisation programme, the so-called Austral Plan, was introduced in June 1985, and have exceeded earlier estimates for July made by the Economy Ministry by some 2 percentage points. Control of hyperinflation, which was running at 25-30 per cent before the launch of the plan, was the principal objective of the programme. This involved cuts in government spending and higher tax collection, which were introduced alongside tight monetary and price and wage controls with the primary aim of sharply reducing the fiscal deficit.

Two years later however, under pressure from business and trade union leaders, the government's economic strategy appears to be in serious difficulties. The announcement of the latest inflation figures comes just one month before important mid-term elections, in which the ruling radical party stands to lose the slim majority it holds in the legislature if there is a relatively small swing in voting behaviour. The loss of the majority could severely handicap President Raul Alfonsin's government in the remainder of its term of office up until 1989.

Recent jumps in prices for meat, vegetables, transport and public sector services are largely blamed for the July index rises. However, both supply and demand side factors are believed to lie behind the upward trend in retail prices (4 per cent in May, 8 per cent in June) and which the government appears unable to resolve with its present policies.

Increasing price instability in the Argentine economy has been evident for the past year, but has been restrained by adaptations of the Austral Plan —namely successive new price and wage freezes, higher interest rates and even tighter monetary controls being operated by the central bank. However there is a growing realisation that such policies cannot be continued indefinitely in the face of growing frustration and militancy by industrial and trade union leaders.

The government has not yet reacted officially to the latest inflation figures, but its options are thought to be limited. A new price and wage freeze can be expected to lead to outright confrontation with the unions and industry, undesirable in the lead-up to the elections, whereas an immediate return to free collective bargaining and a lifting of price restraints demanded by the opponents of the government's economic policy, can be expected to further fuel the inflationary spiral. A spokesman for the powerful general confederation of workers (CGT) said that the Labour Ministry has agreed that free collective bargaining on wages will be reintroduced this month without upper limits being imposed by the government. Such a change is still being resisted by the Economy Ministry, but its stance is seemingly being rapidly eroded

New signs of rift over Tamil agreement

By Mervyn de Silva in Colombo

MR Ranasinghe Premasada, the Sri Lankan Prime Minister, who has been a consistent critic of India's role in the island's ethnic conflict broke a two-week silence at a rally near Colombo over the weekend.

Mr Premasada who was abroad when the India-Sri Lanka peace accord was secretly negotiated by President Junius Jayawardene said: "We like to see this country undivided. The country had been broken into parts. Our ancestors made it into one single country. In order to protect our heritage we must see whether the agreement between our president and the Indian prime minister will prevent the division or will cause the division.

Obviously conscious of the sharp difference between himself and President Jayawardene he noted that the constitution gives the president "only executive powers."

Mr Premadasa said that the agreement must be enacted as legislation in parliament.

Any citizen, he said, can go to the courts to test it, if he thinks it violates "the fundamental principles" of the constitution.

The Supreme Court will rule whether it requires a simple majority, a two-thirds majority or a two-thirds majority plus a referendum.

Mr Premasada's remarks are bound to fuel speculation of continuing deep rifts within the government.

President Jayawardene, meanwhile, has said in an interview if the surrender of arms, which seems to be going smoothly, is completely successful and there is peace in the north, he could ask the Indian peace-keeping force to leave after the emergency in the north and east is lifted by August 15 as stated in the accord.

The police could then maintain law and order and Indian troops could leave by about August 20. But he was not working to a strict time-table, he said, adding that all "deadlines" have had to be extended.

He was, however, certain that the Indian troops would not be here when elections are held. The agreement calls for elections before December 31.

At the elections, in the north and east, there will be only "observers," he said. He described them as "political observers" (not military) including the Red Cross.

The Indian peace-keeping force had to move fast in the eastern province yesterday to settle a quarrel between two of the Tamil guerrilla groups

AGREEMENT ON ECONOMIC CO-OPERATION

Moscow to build up ties with Iran

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION and Iran have agreed to co-operate on large-scale economic projects in a move viewed as an attempt by Moscow to improve its position as a potential mediator in the Gulf war and strengthen its standing in the region.

With attention focused on the tense situation in the Gulf, announcement of the agreement raised concern in the West that the move could have major strategic significance.

But well-informed sources in Moscow say the move toward improved Soviet-Iranian economic co-operation appears to be only an agreement in principle at this stage, with no evidence of a signed accord for major industrial or oil-related projects.

The agreement was announced in broad terms by the official Tass news agency after a visit to Tehran last week by Soviet first deputy foreign minister Yuli Vorontsov.

In the absence of detail, speculation focused on the possibility of a resumption of Iranian natural gas deliveries to the Soviet Union. But a Soviet spokesman said last week that this was still under discussion, along with possible rail links between Iran and Soviet Central Asia.

Other possible projects mentioned in Moscow include conversion of Iran's gas pipeline to the Soviet Union for oil deliveries, transit facilities to link Iran's Caspian Sea ports with the Black Sea, joint Caspian oil prospecting and Soviet co-operation in Iranian steel milling, power and dam-building projects.

Iran and the Soviet Union have been seeking to improve relations in the past 18 months despite serious differences over the Gulf war and the Afghan conflict.

Moscow, while continuing to supply arms to Iraq and providing protection for Kuwaiti oil tankers from Iranian attack, has managed to sustain the process through a series of contacts concentrating on the economic sphere.

Last December, the two sides announced agreement on some aspects of Iranian natural gas exports to the Soviet Union as part of an economic protocol which also foresaw the return of hundreds of Soviet experts sent home from Iranian steel mills and power plants when Iraq began bombing Iranian civilian and economic targets in mid-1985.

Iran suspended gas deliveries to Moscow in 1980 when Moscow rejected a major price increase demanded by Tehran's newly-installed Islamic government. Under a 1970 contract, Tehran had been supplying 10bn cubic metres annually through its Soviet-built Igat-one pipeline, for use in the southern Soviet republics of Armenia and Azerbaijan. This allowed Moscow to export more of its gas to Western Europe.

In exchange for the gas, Moscow had built a major steel mill at the central Iranian city of Isfahan and provided plant and technology for other projects. Despite the hopeful words last December, there has been no confirmation to date of a return of the Soviet experts who serviced these installations.

The granting of transit facilities for Iran to the Black Sea also remains in doubt. Moscow cited security grounds in rejecting a 1980 request from Tehran

Yuli Vorontsov: pact with Iran

for access to the Black Sea through its river and canal network. Such facilities would allow Tehran to circumvent the Gulf, however, and could be of future strategic interest for the Soviet Union.

With Washington embroiled in the Iran arms sales scandal and with mounting domestic opposition to US military protection of Kuwaiti oil shipping in the Gulf, Moscow and Tehran have also been edging closer on the diplomatic front.

Tehran, which shares Moscow's interest in diminishing the US military presence in the Gulf, this week endorsed a Soviet call for the removal of all foreign warships from the area.

In seeking to improve their relationship, both sides stand to gain through long-term economic co-operation.

For Moscow, greater confidence achieved through closer economic ties could increase its leverage on Tehran to work for a political settlement in the Gulf war, with the Soviet Union serving at mediator with Baghdad. This would enhance Soviet credibility among Arab states in the Gulf region. z

Moscow is also hoping for a reduction of Iranian support for Moslem guerrillas fighting the Soviet-backed government in Kabul, although this is seen as a lesser objective.

For Tehran, Soviet co-operation would help ease the burden of the war and could in a limited measure compensate for its isolation from Western powers, including Britain and France as well as the United States, in efforts to rebuild its economy.

Soviet experts are due in Tehran this month to discuss plans for transporting Iranian oil through trans-Soviet pipelines to Black Sea ports for export, the Iranian oil minister said at the weekend, AP reports from Nicosia.

Mr Gholamreza Aqazadeh said the Soviet delegation was expected in Iran for talks before the end of August, and if agreement is reached, oil would flow through a pipeline currently used for exporting gas to the Soviet Union.

Aqazadeh said 700,000 barrels a day would be transported through the gas pipeline to Baku on the Caspian Sea in the Soviet Asian republic of Azerbaijan.

Through Soviet territory, oil would be transported westward to Black Sea ports, where shipments would be handed over to Iran for sale on the foreign market, Aqazadeh said.

SHIPPING REPORT

Big increase in Gulf chartering activity

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SHIPBROKERS reported a big increase in tanker chartering activity in the Middle East Gulf last week, despite the continuing tension in the area.

E. A. Gibson, the London brokers, said the number of fixtures concluded was "remarkable," especially in the light of Iran's declaration of a "no go area" during its extended naval manoeuvres.

The main reason for the increased activity appeared to be a significant rise in oil production by Gulf members of the Organisation of Petroleum Exporting Countries — particularly Kuwait.

Charterers are thought to have been shipping around 1.7m barrels per day from Kuwaiti terminals, well in excess of Kuwait's Opec quota of 0.996m b/d.

As a result, rates remained steady, at around Worldscale 60 for a 250,000 tons cargo to the West, despite a big increase in the number of ships waiting for cargoes.

Iran has repeatedly threatened ships trading to Kuwait, but there have been no reported attacks on neutral shipping since the Kuwaiti-owned US-flag ultra large crude carrier Bridgeton hit a mine two weeks ago.

Brokers said the willingness of owners to trade to Kuwait was unlikely to be reduced by an increase in premium rates for cargoes in the north west of the Gulf, which were virtually doubled by the War Risks Rating Committee of the London insurance market.

The committee raised rates from 0.2 per cent to 0.375 per cent for voyages north of latitude 27 30 North. Its ruling is biding on the Lloyd's insurance market and the Institute of London Underwriters.

The increase appeared to be aimed primarily at cargoes moving out of Kuwait, although loadings at the northern Saudi Arabian ports of Ras Al Khafji, Ras Al Mishab and Saffaniya will also be affected.

Cargoes from Iraq and the northern coast of Iran are not affected by the increase since they are already covered only on special terms at the discretion of underwriters.

Hull insurance premiums are not affected by the increase. Hull rates for ships trading to Kuwait were increased to 0.5 per cent by Lloyd's underwriters per cent by Lloyd's underwriters in June.

On the dry cargo markets, the key US Gulf to Japan rate for Panamax ships reached $16.50, after falling to $15.25 in the previous week.

World Economic Indicators

INDUSTRIAL PRODUCTION
(1980 = 100)

					% change over previous year
	June 87	May 87	Apr. 87	June 86	
US	118.0	117.8	117.2	114.3	+3.2
	May 87	Apr. 87	Mar. 87	May 86	
Japan	120.2	121.9	123.9	121.3	−0.9
UK	113.3	112.0	112.8	109.1	+3.9
	Apr. 87	Mar. 87	Feb. 87	Apr. 86	
W. Germany	105.3	105.4	106.6	110.7	−4.9
France	101.8	102.9	102.2	103.8	−1.9
Italy	102.2	100.9	99.9	100.2	+2.0
Netherlands	104.0	108.4	105.3	108.0	−3.7

Soure (except US, UK, Japan): Eurostat

Ralph Atkins looks at the continuing surge in the retail sector

Richer Britain on a buying spree

THE BUSTLING and opulent shops along Oxford Street in London bear witness each Saturday to the continuing surge in Britain's retail sector.

Since 1982, the annual volume of retail sales has grown an average 5 per cent—considerably ahead of manufacturing output or real national income.

The crowded high streets are taken by the Government as *illustrating a strong economic* recovery. But there are worries about the role imports play in meeting demand and the efficacy of an unprecedented expansion in consumer credit.

The retailing increase has been due principally to large increases in real earnings—recently boosted by tax cuts. In the four years to 1986, average *earnings grew 7.5* per cent a year while average prices rose less than 5 per cent.

The surge in retail sales has stimulated domestic production and created jobs—although the effect on unemployment is lessened by the fact many of the jobs are part-time or taken by women. *But it is not all good* news.

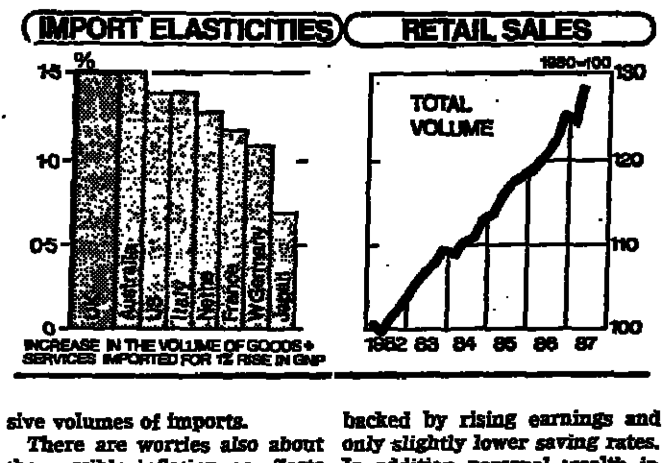
The main *worry is* that British manufacturers are proving inadequate in the face of surging demand—a problem caused by Britain's historically high propensity to import.

Typically a 1 per cent increase in national income results in a 1.5 per cent rise in the *volume of goods and services* imported. This is matched only by Australia among other industrialised countries.

If the retail sector is taken in isolation, the British propensity to import goods is higher still—with imports rising perhaps twice as fast as sales. *Retail* exports are considerably less elastic.

There is evidence of this in May's trade figures which showed imports, including consumer goods, rising sharply but a weak export performance.

Trade figures for June, to be published tomorrow, are expected *to show* a trade deficit of between £700m and £800m *compared with £1.16bn in May.* The figures will be scanned for further evidence of the surge in retailing resulting in excessive volumes of imports.



There are worries also about the possible inflationary effects of the growth in bank borrowing and credit card purchases which has accompanied the rise in retail sales.

In the three months to May, credit advanced by retailers, finance houses and bank credit cards was 11 per cent higher than in the previous three months.

A further increase is expected to be seen in figures for June published today but it is not clear whether credit is a cause or an effect of expanding retail *sales.*

Mr Ian Harwood, chief economist at Warburg Securities, says: "When people look to credit demand as an explanation they are missing the point that it is rising because earnings are *rising."*

In the 1960s and 1970s, strong economic growth was often checked by sudden price rises. *But today's economic* environment is thought by many to be different.

The credit expansion has been backed by rising earnings and *only slightly lower saving* rates. In addition personal wealth in *the form of financial assets* has risen—helped by privatisation issues.

The boom in consumer credit remains a matter of official concern — not so much because of any possible inflationary pressure but on the grounds that excessive borrowing is not prudent if people become overextended.

This thinking partly explains the Bank of England's decision to engineer a one percentage point increase in base rates last week but it is doubtful whether the move will have an effect on long-term trends in retailing.

"In practice *it* will probably take a more significant rise in base *rates to have a perceptible* effect on the amount of borrowing and spending power," said Mr Kevin Boakes, British economist at Greenwell Montagu.

Some clues to whether strong retail sales are sustainable come from an analysis of trends within the sector.

According to the Confederation of British Industry/Financial Times survey of distributive trades for June, *retailing* growth is being led by audio visual, photographic and "white" goods like washing machines.

Indications of strong *economic recovery* are also bringing *worries over increased* *exports and expanding* consumer credit

In a report published last month, Verdict Research, a specialist analyst of the retail trade, showed do-it-yourself *stores, women's clothing,* electrical retailing and department *stores all increasing their share* of retail trade between 1980 and 1986. *It predicts they will* account for a still large share in 1991.

The common characteristics of these goods are that they have a high import content and are generally non-essential, bought when consumers have the basic requirements of life.

In the 1960s and 1970s these categories generally accentuated *the trend of total retail sales* — with sales particularly high *only when retailing was booming.*

But, if Verdict is correct and their strength is sustained into the next decade, *it* suggests the profile of the average consumer is now maturing with less thought being given to the purchase of expensive items. This could provide the incentive for domestic manufacturers to extend their investment in these areas.

At the same time the continuing surge in retail sales shows no signs of abating. The latest official figures show a 2.5 per cent *rise in the volume of* sales in the second quarter of 1987.

Earnings are expected to continue rising, helped by a series of relatively high public sector settlements and further tax cuts. Inflation, although forecast to rise, will probably not erode real income growth until the second half of 1988.

Saturday morning shopping looks set to remain a crush.

National Bus poised to sell 10 more subsidiaries

By Kevin Brown, Transport Correspondent

THE SALES *of* up to 10 National Bus Company subsidiaries are expected to be announced shortly as part of the Government's privatisation programme.

NBC is believed to have reached agreement with buyers on the details of most of the sales, which require *final* approval from Mr David Mitchell, the Transport Minister.

However, it is thought that no agreement has been reached on the sale of either the National Express coach franchise operation, or of National Travel World, a chain of 87 travel agencies.

These are the largest NBC *subsidiaries still unsold, and* have been the subject of an extensive advertising campaign in recent weeks.

Prices for the 73 NBC subsidiaries have increased steadily over the 12 months since sales began, and the value of the company is now expected to *total £200m—double* the initial estimate.

National Express and National Travel World are expected to raise up to £25m.

Mr Rodney Lund, NBC chairman, has so *far* sold 41 subsidiaries, of which 26 have gone to management or employee buy-outs.

The latest sales were Milton Keynes *City Bus, bought by its* management, and Western National, bought by Plympton Coachlines, a Plymouth coach operator.

Plympton Coachlines has expanded into local bus operations since deregulation of the bus industry last October and is backed by Badgerline, a privatised former NBC subsidiary *in Bristol, which will have a* "substantial" shareholding.

Mr Mitchell said the decision to sell Western National to Plympton Coachlines was taken only after "the most careful consideration" of bids and relevant information. The sale process had attracted considerable publicity in Cornwall and South Devon.

Bifu staff at Barclays and NatWest to vote on strikes

BY JOHN GAPPER, LABOUR STAFF

ABOUT 33,000 staff at Barclays and *National* Westminster banks are to be urged to undertake a series of one-day strikes to obtain a pay deal matching *one agreed at Lloyds Bank.*

Members of the Banking, Insurance and Finance Union will be balloted on stepping up *industrial* action to *include* one-day stoppages, a ban on lunch-*time working* and a work-to-rule. An overtime ban has been in force for the past nine weeks.

Bifu's national executive decided to seek an escalation of action this weekend after receiving the results of a consultative ballot of 46,000 members at the three banks, launched before Lloyds topped up a 5 per cent *pay rise* imposed at each one.

A 64 per cent majority favoured a work-to-rule and 54 per cent favoured lunchtime stoppages, but there was a narrow majority against one-day strikes, repeating the vote against such stoppages *in* Bifu's industrial action ballot in May.

Lloyds added a 2 per cent rise from August 1 to the initial *settlement imposed in May* following the break up of the *Federation of London Clearing* Bank Employers last month. It was followed last week by Yorkshire Bank.

Mr Leif Mills, Bifu general secretary, yesterday said Lloyds had pointed the way to resolv*ing the dispute.* The other two banks should do the decent thing by at least matching the Lloyds settlement.

Barclays said less than 10 per cent of its staff had refused to undertake overtime. The dispute's effect had been minimal. The bank insists it will not add to the 5 per cent pay award. NatWest has said it is considering the situation.

Bans on overtime and co-operation with Barclays' Connect direct-debit card have also been *imposed by the separate* Barclays Group Staff Union. This represents about 40,000 staff and is conducting its own ballot on whether industrial action should be stepped up.

Willis reform plan doubted

BY PHILIP BASSETT, LABOUR EDITOR

SENIOR TRADE union leaders are becoming more sceptical about the practical value of proposals on new *forms* of union organisation presented by Mr Norman Willis, TUC general *secretary. Last month he proposed* an initiative for the operation *of the TUC* and its affiliated unions. He urged reshaping of activities towards greater emphasis *on* union organisation.

He presented specific, concrete proposals including:

- Establishment *of* designated organising areas to give individual unions a clear run at particular non-union *companies.*
- Setting *up* a TUC organising *fund* to help finance such operations.
- Renewed stress on services *offered* by unions to employees.

The initiative was broadly welcomed at the time by most unions represented on the TUC's employment policy committee. However, some union leaders on the left, centre and right of the union movement are now privately critical of some detailed proposals.

The internal political spread of reservations suggests Mr Willis is likely to face a difficult time in getting through the TUC *the* proposals on organising initiatives as they currently *stand.*

The leader of one of the TUC's larger unions described them as a dead duck and questioned who would be likely to decide a mechanism to determine which unions should have *specific organising* areas. He said: "Congress House has never *organised* workers, *while* we have *spent* a lot of money training organisers. The whole idea of spending more money so that Congress House could do it is ridiculous."

Another leader, on the left, said it was not true that the proposals had been widely welcomed.

Though opposition from the union left to the initiative might have been expected, the significance of some of the criticism now being privately voiced by union leaders is that part of it stems from some who favour a kind of re-emphasis on organisation but are not convinced of the detailed proposals' value.

One centre-right union general secretary accepted that the credibility gap between unions and members needed to be examined seriously but said the TUC should not enter union *recruitment.*

He said the idea of the TUC *giving individual unions* a 12-month run at organising non-union companies was particularly unworkable. *Putting* another union in an area after such a period might lead to the second union *claiming* success from its own efforts whereas success arose from the first *union's groundwork.*

Another general secretary *said* some *ideas* in the paper by Mr Willis on union promo*tion would survive but that on* its specific proposals "I don't think it will end up like that."

TUC leaders, in the light of such points, are considering whether the proposals should be on a voluntary basis, though this might rob them of some operating authority.

Pension fund restructured in £570m portfolio trade

BY BARRY RILEY

DETAILS HAVE emerged of a £570m portfolio trade through the London stock market, possibly the largest instant reconstruction of an institutional portfolio since such deals became practicable after Big Bang.

The trade involved the bulk of the £650m assets of the Ship*building* Industries Pension Scheme, which as already an*nounced has embarked on* a radical new investment strategy.

County NatWest Investment Management, acting as restructuring agents *for the fund, con*tacted a number of securities firms in London, seeking bids for different parts of the portfolio.

James Capel won the competitive tender *for* £300m *of* equities — half to be sold, half to be bought. Goldman Sachs was awarded a contract for £140m of overseas equities, while another US firm, Salomon Brothers, was selected to *execute a £60m portfolio* trade in gilt-edged.

The *deals* were executed secretly between July 29 and *July 31.*

Such trades are entered into *on a "blind"* basis, with the bidding firms not knowing in *detail the stocks in the portfolios.* However, some indication of the type of securities is normally given to enable competitive offers to be made, geared to the aggregate mid-market prices of the stocks involved.

Generally, gilt-edged and alpha equities can be freely bought and sold. But beta and *gamma* stocks can be much more difficult to trade, especially if a *rigid buying list* has to be implemented.

Those close to the business say that competition for port*folio* trades has eased a little in recent months, after securities firms sometimes burnt their fingers in a search for market share and publicity.

James Capel has been active in this field, and executed two separate £300m equity deals last year for Postel, which runs pension funds for British Telecom and the Post Office.

Half the Sips funds have now been restructured into index funds run by County NatWest. Some 35 per cent of the assets have gone into a UK Equities fund designed to match the FT-Actuaries All-Share Index, and another 15 per cent has gone into a gilt-edged fund which will track the correspond*ing All stocks index.*

Most of the rest of the funds *have* been transferred to three actively managed portfolios run by *Fidelity, Henderson* and Murray Johnstone. These managers are to *run* aggressive, concentrated portfolios designed to beat the index, while the indexed core will provide safety and diversification.

The contract raises County NatWest's total of index funds to £2bn, close behind the aggregate of the market leader Barclays de Zoete Wedd.

- Bankers Trust Investment Management nad County NatWest Investment Management are the first fund managers to announce global index funds based upon the *FT-Actuaries* World Index which was intro*duced in March.*

Bankers Trust, a London-based *subsidiary* of the New York banking group, has set up *such portfolios* for two clients. It says this is a sensible approach for funds where the existing managers have not performed well overseas, or where the costs of investment abroad are particularly high.

Although the World Index, excluding the UK, contains more than 2,000 constituent stocks, Bankers Trust says it is able to track the index with reasonable accuracy by holding *only 181 stocks together* with stock index futures contracts in certain countries where these are satisfactory.

County NatWest is running one fund linked to the World Index. Like Bankers Trust it uses a sampling technique and futures contracts to limit the number of stocks directly *held* to about 200.

Water quality good says ministry

BY TOM LYNCH

THE GOVERNMENT moved quickly at the weekend to counter fears about the quality of domestic water supplies, after the European Commission had instigated legal moves against the UK for allegedly failing to observe a 1980 directive on safe drinking water.

The Environment Department, which will be in charge of the Government's pro*gramme to privatise* the water supply industry, said: "The quality *of the* drinking water in this country is very good—that is more than can be said for other European countries."

The Water Authorities Association, which represents the *10 supply bodies in England* and Wales, said all tap water was "perfectly safe to drink—there is no danger whatsoever."

However, Labour spokesmen demanded immediate action to counter any potential damage to health, including a ban on poisonous fertilisers, which, it *is alleged,* can soak away from farmland and build up in the *water supply.*

Dr David Clark, shadow Agri*culture Minister,* called on the Government to exclude the use of nitrogen-based fertilisers from some areas on an experimental basis.

British Coal's flexible working setback

BY CHARLES LEADBEATER, LABOUR STAFF

A MEETING on Wednesday between British Coal and the *National Union of Mine*workers's leaders over the corporation's disciplinary code could also determine whether the corporation is likely to make early progress with its plans to introduce flexible working.

An area delegate conference of South Wales NUM over the weekend made clear that anger *at the revised code meant it* was unlikely union leaders would *be able to discuss* flexible working until the disciplinary issue was resolved.

The conference decision is a setback to British Coal because South Wales was the only area which had officially said it would agree to the concept of six-day production for a new mine, the planned *£90m Margam* drift mine.

The area delegate conference at Porthcawl on Saturday decided there should be no discussion of flexible working. Instead, the conference concentrated on the disciplinary code.

Mr Des Dutfield, South Wales NUM president, accused British Coal of throwing a hand-grenade *into industrial relations by in*troducing the code without con*sulting the union. It was* introduced in March as part of the corporation's pay *settlement* with the breakaway Union of Democratic Mineworkers. The pay ward and code were then imposed on the NUM.

Several delegates called on Mr Dutfield to make clear to the area's miners that the union's ballot on industrial action over the code could not be used as a mandate *for* strike action. The *industrial-action* ballot *is* due to end on August 21, after pit *holidays. Should there* be *no* negotiated settlement of the issue it is likely a vote for industrial action would lead to an overtime ban.

The South Wales leadership is cautiously optimistic that Wednesday's meeting might provide the basis for a resolution *of the* issue. *Miners' leaders* believe British Coal is worried that *the* industrial-action ballot would record strong opposition to the code.

They believe this pressure, added to the prospect of further delay to talks on flexible working, which the corporation believes *is* vital to the industry's competitiveness, may *persuade it* to moderate its position.

The *meeting in London on* Wednesday was arranged after the NUM moderated its position on the code. The union had initially *said* it would only discuss the issue on condition the code was first withdrawn. That condition was dropped after several of the union's areas *urged the national* leadership to take a more flexible approach.

John Gapper on the Stakis experience

Hotel and restaurant wages council puts in slim order

THE ANNUAL order of the Licensed Residential Establishment and Licensed Restaurant Wages Council is a rather slim document these days: a single sheet of paper with three *figures on it has* replaced what was once a booklet detailing *myriad working rates and con*ditions.

The full implications of this change are only dawning slowly on *most* hotel and restaurant employers and workers but those who have come into contact with Mr Colin McGrath since his arrival as Stakis's personnel director a year ago have had a brisk education.

One is Mr Eddie Newell, national industrial officer of the GMB general union's *hotel* and catering workers section, from which Stakis, the Scottish hotels, restaurants and *gaming* group, withdrew recognition after the breakdown of talks on new working conditions last year.

"I don't know what is going *on* there *except that I have* been given my marching orders and there is an employer who wants to adopt a macho style and implement exactly what he likes without proper negotiations," says Mr Newell.

Mr McGrath, too, can be critical of hotel employers. Those *unwilling to seize what he* considers a new opportunity to change working practices *in* large hotel chains to the benefit of both workers and employers receive short shrift.

His views on the doubters are pithy: "The traditionalists say that you cannot do this sort of thing because of the tremendous peaks and troughs in *the hotel business.* I say 'rubbish'."

His key proposal is for the multiple skilling of some workers who would be able to switch between hotel areas. In return there would be an end to the fragmentation of staff hours through split shifts and irregular breaks.

He says: "A lot of hoteliers will say that they have got staff flexibility already, until you *ask them if* their receptionists make the beds."

Other hotel chains will be watching closely to see if Stakis manages to bring about the change, which represents a parallel to the type of increases in worker flexibility which unions are being pressed to accept in manufacturing industry.

Levels of unionisation at individual sites in the hotel and catering sector are *commonly* low and unions have *often* relied *for* their bargaining strength on minimum wages and conditions being set nationally by wages councils to which they are party.

It has enabled them to wield what some employers regarded *as disproportionate influence.* "I always wanted to talk to representatives *directly elected* by my workforce. It was anathema to me that I was negotiating with people chosen by only a *few* of them," says Mr McGrath.

Two changes have made it *practical for Stakis* to plan its revolution:

- *The 1986 Wages Act reduced* the scope of the annual wages council order to hotel and restaurant employers and placed most staff conditions outside the council's purview. It now oversees only single basic and overtime rates and the limit *for* accommodation deductions.
- Derecognition of the GMB, which Mr McGrath *claims* had a membership of only about 15 *per cent among the chain's* 4,500 staff. Several of the *changes he plans to implement* stood little or no chance of acceptance by the union.

Derecognition, however, does not clear the way for hotel employers to impose whatever changes on their staff they wish. Under the Employment Protection Act they must consult existing staff whose contracts of employment they want to alter.

Within Stakis, Mr McGrath intends to fulfil this condition by referring changes to consultative committees of staff representatives elected from *departments in each hotel,* the system employed since talks with the GMB *were broken off* last year.

He says that among changes to conditions approved by the committees so far is consolidation into the annual holiday allowance of five of the eight bank holidays to which staff were entitled under *existing* wages council orders.

Another is the ending of payment premiums and time-off in lieu for working on Sundays in return for a sixth- and seventh-day premium for weekend working. Mr *McGrath says this* won the approval of 88 per cent of staff.

He insists Stakis has not used the combination of the 1986 act and derecognition merely to impose its own conditions and that it will not forget consultation once the turnover *of staff has led to the lapsing* of its statutory obligation to *do so.*

"The act meant that employers were given virtually a free hand. The trade unions were worried about that and I was as well," he says, portraying the established system of team-briefing and employee consultation at Stakis as the natural *successor to unionism.*

On one point about the *changes Mr McGrath is quite* clear: "I am consulting, not *negotiating,*" he says.

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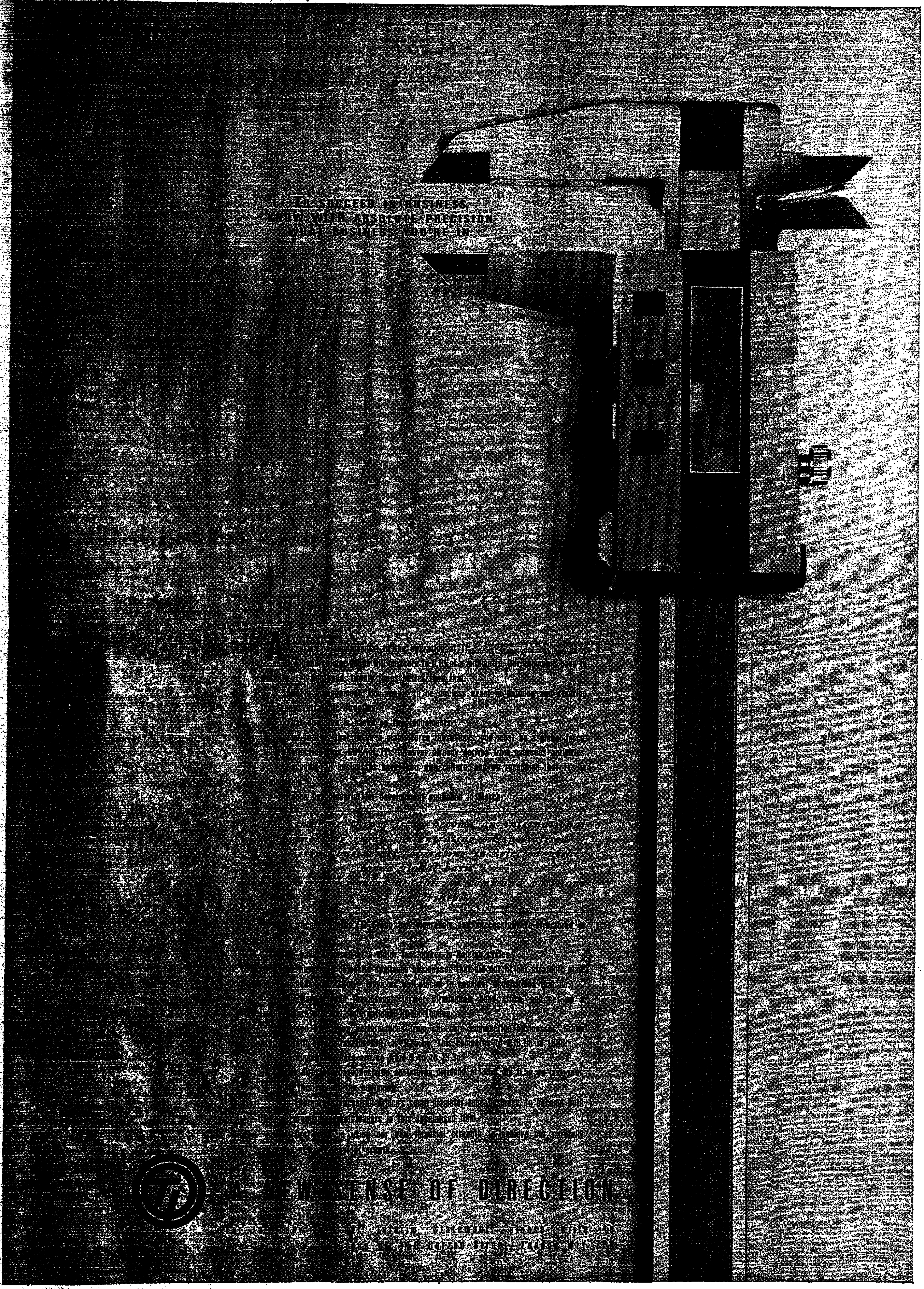

TO SUCCEED IN BUSINESS
KNOW WITH ABSOLUTE PRECISION
WHAT BUSINESS YOU'RE IN.
A NEW SENSE OF DIRECTION

BA and BCal to stress fairness of merger plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS and British Caledonian Airways are both expected to stress in separate submissions to the Monopolies Commission that their proposed £237m merger, if allowed, would be far less anti-competitive than its critics have claimed.

This emerged over the weekend, following the decision by the BCal board to "support wholeheartedly" the commission's inquiry "and work towards a rapid and satisfactory outcome."

The joint task force, set up by the two airlines over the past two weeks to study in detail their integration, is expected to be put on ice, however, until after the Monopolies Commission has reported — in case the merger is rejected.

Were the task force to continue its work, much detailed commercial information about BCal's activities would have been made available to BA. This would be against BCal's interests if the proposed merger was called off.

Sir Adam Thomson, BCal chairman, said at the weekend that BCal's presentation to the commission would outline its case that the merger was desirable to strengthen the UK air transpore industry worldwide.

"We will address clearly any concerns expressed by other British airlines in the rational environment of the MMC inquiry," he said.

This refers to the fears of other independent airlines, expressed strongly over the past two weeks that they could be the victim of anti-competitive behaviour by a merged BA and BCal and be squeezed out of Gatwick Airport.

Sir Adam said that the decision by Lord Young, Secretary for Trade, to put a three months' time limit on the commission's inquiry "has been helpful in allowing us to agree to maintain a plan which we calculate to be in the best long-term interests of our customers, BCal, British Airways and the British air transport industry in general."

He also stressed, however, that while the merger with BA remained the preferred BCal corporate objective "other options remain open."

This means that while BCal will not actively discuss possible links with other airlines, either European or US, as it was doing before the BA merger plan intervened, it will nonetheless maintain "loose contacts."

Sir Adam said that BCal's original concern over any Monopolies Commission probe was that it might have been an open-ended inquiry, taking at least six months, which would have left BCal in an uncertain period for too long.

"It would have gone into the period when we traditionally conclude bulk travel contracts with agents and tour operators around the world. Any inability to compete fully for these contracts covering travel for the summer 1988 season would have been unacceptable.

"As it is, Lord Young's decision has removed that concern. We shall participate in the MMC inquiry in the confident belief that we will know the answer in the first days of November.

"In the meantime, BCal is undergoing a healthy period of increased passanger and freight traffic across the network; and the staff worldwide are in good morale and as determined as ever to provide competitive customer service."

Lord King, BA chairman, welcomed the BCal Board decision, adding that "everything seems to be going along sensibly." BA would co-operate with the commission to ensure a speedy conclusion.

Glyn Genin

The BCal board: "support wholeheartedly" inquiry

Election row in finance officials' organisation

By David Brindle

AFTER 102 years of quietly pursuing excellence in the noble art of book-keeping, the Chartered Institute of Public Finance and Accountancy has been plunged into an unseemly row that is the talk of borough treasurers the length and breadth of the country.

The controversy surrounds Mr Jeff Pipe, senior assistant treasurer at Birmingham City Council and self-confessed Cipfa rebel, who unprecedentedly provoked an election for the organisation's vice-presidency.

Although scarcely popular with the Cipfa leadership, Mr Pipe has certain grassroots backing among the 9,000 members. His supporters were confident the postal ballot was going two-to-one in his favour when the election was abruptly terminated: the challenger, it transpired, had failed to renew his membership.

The resulting outcry over the victory, by default, of Mr Colin McMillan, finance director of the Severn-Trent Water Authority, threatens to engulf Cipfa which, with an annual income approaching £4m, is rather more than a run-of-the-mill professional association.

Mr Pipe now accepts he is technically ineligible for the vice-presidency, but is believed to be demanding the ballot is counted and declared regardless. If it is not, his supporters say, he will call for a vote of censure against Cipfa's senior officers.

Behind the row lie fundamental differences over the direction being taken by Cipfa, which makes much of its money through publications and journals but which also runs a company providing public authorities with specialist services.

Mr Pipe and his supporters say Cipfa is neglecting its base in local government and is failing to stand up to Whitehall. Further, they maintain Cipfa's training programmes are too ambitious and concentrate increasingly on financial management at the expense of basic accountancy.

As Mr Malcolm Temple, district treasurer at Salisbury, Wiltshire, and a newly-elected member of Cipfa's governing council, told the Local Government Chronicle: "People in the sticks just do not understand what Cipfa is doing."

In addition, concern has been expressed over Cipfa's finances and the relationship between its professional and trading activities. The Association of County Councils has questioned why Cipfa's annual conference makes a reported surplus of £100,000 when it is largely funded by local authorities.

As criticism flows in the local government and accountancy press, Mr Arnold Morton, Cipfa president and treasurer at Coventry City Council, has been forced to deny any attempt to thwart Mr Pipe's ambitions.

Mr Morton says Mr Pipe had failed by July 1 to pay his £85 Cipfa subscription due of January 1, despite written reminders. Nobody telephoned him to warn him of the likely consequence because, as a prominent member, he should have appreciated the seriousness of his oversight.

Mr Morton says of the Pipe camp's platform: "We are reasonably clear about what he is against, but not clear at all about what he is for."

Hazel Duffy examines changes in the organisation of the Civil Service

Whitehall adopts a corporate ethos

MRS THATCHER'S decision, announced last Friday, to transfer to the Treasury certain Management and Personnel Office functions was presented in classic Whitehall style as a simple tidying up of the civil service.

However, it confirms the supremacy of the Treasury in the management of the civil service at a time when financial considerations increasingly dominate both the pay of individual civil servants and the tasks which he or she performs.

Some will see the change as a prelude to the extensive re-organisation of the management of the civil service by Mrs Thatcher, a reorganisation which may lead to the abolition of the MPO after Mr Robin Butler, second permanent secretary at the Treasury in charge of public expenditure, takes over at the end of the year from Sir Robert Armstrong as Secretary of the Cabinet and head of the home civil service.

If this takes place, it will be the second big change in the organisation of the Civil Service since Mrs Thatcher became Prime Minister. The first was the abolition of the Civil Service Department in 1981. Set up in the 1960s after the Fulton Committee civil service review, it was never successful.

The reasons, according to Mr James (now Lord) Callaghan, were that it was "a new department that did not have the standing and expertise of older departments" and that permanent secretaries still looked to the Treasury (which had had responsibility for the civil service) because it had the money.

Mrs Thatcher thought the CSD an unnecessary layer. She handed Civil Service pay back to the Treasury and set up the MPO as part of the Cabinet Office to inject more management style into the Service.

The MPO, however, has always had secondary status. Mr Richard Luce, its minister, spends two-thirds of his time on his other job as Minister for the Arts.

He acts as spokesman in the Commons on questions on day-to-day Civil Service matters, with the Prime Minister maintaining overall control.

The Treasury's power is recognised by the transfer of functions, planned for the autumn, announced last week. The transfer will leave the MPO —to be known in future as the Office of the Minister for the Civil Service — with responsibilities similar to a personnel department in a private sector company.

These include training, communications with staff, health, staff appraisals, equal opportunities and recruitment of higher grades.

It will maintain responsibility for senior and public appointments — the MPO in practice mostly rubber-stamps appointments to senior posts — and one or two other functions peculiar to the Civil Service.

Functions transferred to the Treasury will bear directly on financial management, manpower, pay and financial conditions of service. These include matters which will increasingly shape the Civil Service of the future.

Performance-related pay is an example. The Treasury, with its responsibility for negotiating Civil Service pay, has taken the lead. It will soon formulate policy in an area which is slowly bringing the service closer to private sector practice in linking performance with reward.

From October 1, discretionary increments for staff in the two grades immediately below permanent secretary come into operation, following the recommendation of the Top Salaries Review Body. Schemes will be drawn up for the next four grades, part of a process which could filter down through the Civil Service.

Last spring, the Institution of Professional Civil Servants agreed a deal for its scientific and technical staff which clears the way for progress on payment by performance.

There is likely to be intense resistance to the introduction of performance-related pay further down the line, but the collapse of the Civil and Public Services Association's industrial action campaign could point the way to eventual agreement even here.

Policy on pay and performance and flexible working patterns are linked to recruitment and retention in the Civil Service, both areas which are causing Whitehall considerable worries. Under the new arrangements, the Treasury takes on responsibility for all of these.

It also assumes the lead in matters relating to financial management. Alongside the reduction in civil servant numbers, improved efficiency is central to Mrs Thatcher's fight to reduce the costs of the Civil Service.

In the early years, ways of saving money were identified all over the service by her Efficiency Unit, which conducted a visible campaign under Sir Derek (now Lord) Rayner.

The Financial Management Initiative, introduced in 1982, is a longer-term policy which is potentially more significant. Some civil servants like the responsibility it has thrust upon them, others see it as a back-door way towards cutting services as well as costs.

The Treasury, with lead responsibility for the FMI, will also will take on other matters relating to efficiency such as the use of consultants and the Central Unit on Purchasing.

All these areas are significant indicators of the way in which the civil service will be managed in the future. When policy goes into the Treasury, "it will be like handing over the management of a company to the financial director," one trade union official said.

Supremacy of the Treasury has been confirmed

Robin Butler: next Cabinet Secretary

New policies bring Whitehall closer to the private sector

Air traffic safety fears grow after Heathrow computer failure

BY JIMMY BURNS, LABOUR STAFF

THE Civil Aviation Authority is facing renewed public pressure to update its equipment and improve conditions for some of its workforce, following a computer failure on Saturday morning at Britain's main air traffic control centre at West Drayton, near Heathrow.

The CAA said the failure had led to delays in holiday flights from Heathrow, but that there had been no safety risk. It denied a press report that the failure, during a 50 minute peak air-traffic period, nearly provoked a mid-air collision between two aircraft.

"We have checked the radar recording and there is no evidence of any such incident having taken place," the CAA said.

However, air traffic controllers claimed the CAA was understating safety risks which arise when the computer breaks down. They described a critical period between the computer going down and a switch to a manual system for managing air space, during which vital data about flight paths has been known to be lost.

Mr Bill Brett, union leader of Britain's 950 air traffic controllers, said: "Air traffic control is getting less safe. We cannot go on being 'lucky.' I fear that we are going to end up getting a collision."

Last week, air traffic controllers at West Drayton called for an independent inquiry into working conditions at the centre. This followed publication of a survey in which 79 per cent of air traffic controllers working there assessed morale as poor. Of those 83.3 per cent said they had seen the computer system fail three or four times in the past six months.

The CAA is understood to be updating the existing computer system at West Drayton with new software, and is planning to replace the 16-year-old IBM 9020D system in the early 1990s.

Mr Brett said the CAA should take urgent steps to instal a simulator at West Drayton, so that his members could practise emergency switches to manual air traffic control. He also urged the Royal Air Force to share some of its reserved air space, to ease the congestion of civilian air traffic over Britain.

Labour motions divided on selection reform

BY TOM LYNCH

THE LABOUR leadership faces a tough battle to persuade its annual conference next month to accept reform of the party's constitution, but there is unexpected support for electoral reform in the country as a whole.

The conference agenda contains more motions opposing than supporting the leadership's wish to give all party members the right to vote in the selection of parliamentary candidates.

Twelve constituency parties have submitted motions supporting such a change, while the same number defend the existing system of selection by branch and trade union delegates to constituency general committees. Opposition is supplemented by motions on campaigning urging the party to concentrate on fighting the Government rather than internal wrangling.

However, the agenda for the conference, to be held in Brighton, reveals an unexpected interest in electoral reform. There are 27 motions on the subject, 18 calling for a working party to discuss the options, five for a commitment to proportional representation and four for compulsory voting.

Previous Labour conferences have shown little interest in electoral reform, which is supported by a small number of figures across the political spectrum, perhaps most notably by Mr Arthur Scargill, the president of the National Union of Mineworkers. Only defence, the poll atx, education and housing have attracted more motions for this year's conference.

The motion from Mole Valley in the Conservative stronghold of Surrey argues that Labour's support for the first-past-the-post system is "politically untenable" because it is "paid for by the hardship of millions of people who mostly vote Labour."

The motion adds Labour must be able to maximise its vote in the south and the rural areas if it is to remain a national party.

Other motions describe the present system as "unjust and undemocratic" and the Colne Valley party warns it "serves to cause division in the party by trapping the leadership into an appeal for the wavering middle ground at the expense of a clear presentation of socialist policies and principles."

There is general praise for the party's election campaign, and several local parties call for the impetus to be continued throughout the current parliament.

Most motions on social ownership support a public voice in privatised monopoly services, though not all of them call for renationalisation.

One such motion comes from Dagenham, represented in parliament by Mr Bryan Gould, shadow Trade and Industry Secretary, who was responsible for the presentation of Labour's image at the last general election. It argues "that in the process of changing the image of the party, the principle of public ownership of essential services is now altered or abandoned."

Nearly all the 38 motions on defence warn against any attempt to abandon the party's commitment to unilateral nuclear disarmament, but there are six motions — most notably from Mr Eric Hammond's Electrical, Electronic, Telecommunications and Plumbing Union — calling on Labour to promise a referendum on the issue as part of its next election campaign.

Conveyancing fees 'fall slightly'

BY HAZEL DUFFY

SOLICITORS' FEES from conveyancing work fell only marginally between 1983 and 1985, a period in which competition among solicitors increased.

The survey of solicitors' charges on the purchase and sale of houses appears in the latest edition of "In Fiscal Studies" published this week by the Institute for Fiscal Studies.

The authors, Mr Simon Domberger and Mr Avrom Sherr, concluded:

- The threat, which became reality in May 1987, of entry into conveyancing by people other than solicitors has significantly altered the pricing structure for conveyancing services.
- Although the degree of price discrimination has been reduced through greater competition among solicitors, a considerable element of discrimination remains.
- This price discrimination, together with the steep rise in house prices over the period, has helped cushion solicitors from the worst effects of competition.
- The rise in house prices has compensated for the reduction in that part of the fee that is related to prices.

The average conveyancing fee between 1983 and 1985 in the sample survey fell by 6 per cent compared with a 24.8 per cent increase in the average purchase price of a house, and by 1.1 per cent compared with a 20.7 per cent increase in the average sale price.

In their conclusion, the authors said they suspected that price discrimination — charging what the market will bear—will still be available to solicitors. This was because "uncertainty about quality of service and the costs of search will stand in the way of the full effects of competition."

Leyland Daf truck sales rise

BY JOHN GRIFFITHS

THE MERGED Leyland Daf organisation regained the UK's heavy truck market leadership from its Iveco Ford rival in July. Its sales for the month of 788 units compared with 507 for the Anglo-Italian group formed last year.

In the year to the end of July, Leyland Daf led the market with a 23.48 per cent share for trucks of more than 3.5 tonnes. This compared with a 22.42 per cent share for Iveco Ford.

Mercedes has secured a firm hold on third place in the sector, its 4369 sales for the year to date representing a share of 13.58 per cent, nearly half as much again as fourth-placed Volvo.

July is a poor month for commercial vehicle sales because like the car market, operators tend to postpone purchases until the introduction of the new registration prefix in August.

Nevertheless Society of Motor Manufacturers and Traders statistics show that in the heavy trucks sector sales were relatively buoyant compared with the year-ago month at 2,912 (2,812).

Heavy truck sales in the first seven months of the year were up 3.6 per cent at 32,167 (31,045), with the share taken by imports also up slightly to 39.18 per cent from 38.67.

Total commercial vehicle sales were down for the month at 12,790, compared with 13,767 a year ago. However, the market for the first seven months was up 5.08 per cent at 172,065 (163,735).

The share of the total market taken so far this year by imports continued downward. They had 36.54 per cent, compared with 39.31 per cent in the year-ago period.

Light vans, mainly those derived from cars, achieved 4,137 sales for the month, down from 4,616 in July last year. This brought the year to date total to 57,079 (54,990).

Panel van sales fell to 5,219 in July, from 5,810 a year ago, but for the year to date they are still well ahead at 73,938, (68,772).

Cardiff Bay names panel to pick consultants

By Anthony Moreton, Welsh Correspondent

CARDIFF BAY Development Corporation has appointed four outside assessors to help it choose the consultants to prepare the strategy plan for its future.

The corporation, set up earlier this year to rehabilitate 2,700 acres of Cardiff's decaying docklands, will also interview a shortlist of five candidates on August 14 for the post of chief executive.

Its first choice understood to have been Mr Reg Ward, chief executive of the London Docklands Development Corporation ran into Government opposition

The four advisors are Sir John Boynton, formerly chief executive of Cheshire County Council and a past president of the Royal Town Planning Institute, Mr Christopher Benson, chairman of MEPC, the property group, and also chairman of London's docklands; Mrs Audrey Lees, a former official of the Greater London Council; and Mr John Dean, president of the RTPI.

Cardiff originally invited 12 consultants to make submissions to develop the area. It chose four out of the eight respondents—Llewelyn-Davies Planning, Conran Roche, and two American concerns, Land Design Research and Sasaki Associates—to submit more detailed proposals.

Mr Geoffrey Inkin, chairman of Cardiff Bay, has asked for their submissions by October 10.

CBI warns on invoices for alleged directory

By Hazel Duffy

THE Confederation of British Industry has advised businessmen who have received invoices from DHL Worldwide-Service to Industry for an entry in an alleged directory to put them in the wastepaper basket.

The company, based in Hamburg, is trying to pass itself off as associated with DHL International, which has taken steps to alert its customers. The CBI has asked the Fraud Squad to investigate the activities of the company, which asks for correspondence to be sent to an address in Chislehurst, Kent.

The address is that of the Chislehurst Business Centre, which said it had not authorised its use by the company.

Ulster health plan announced

ULSTER Health Minister Mr Richard Needham has announced a five-year strategy to improve the health of people in Northern Ireland.

The plan will focus on better health education, the development of care in the community and better and more efficient hospital services.

Maurice Samuelson reports on fears that solving an environmental headache may create other problems

CEGB faces the fall-out from reducing acid rain

AS THE electricity industry prepares to reduce acid rain fall-out from some of its biggest coal-fired power stations, it is trying to avoid charges that it will solve one environmental problem at the cost of creating at least two more.

The charges rise from its intention to use large quantities of limestone to neutralise the sulphurous power station emissions which have been blamed for much of the damage to the lakelands of Scandinavia and other parts of northern Europe.

The Countryside Comission, the Council of National Parks, and local groups have been urging the Central Electricity Generating Board not to create more unsightly quarries in national parks and other sensitive beauty spots and say it should use a gas cleaning process which uses the least limestone.

The other concern arises from how the CEGB will dispose of the waste materials produced in the gas-scrubbing process.

If neither issue is settled satisfactorily, the environmentalists say, all that will have been achieved is to transfer pollution from the air to the ground—and from Scandinavia to Britain.

The CEGB this week allayed some of these fears when it announced that after investigating sources of limestone for its first flue gas desulphurisation (FGD) plant—at Drax power station in North Yorkshire—it had identified adequate supplies from quarries outside the national parks.

Drax will require 340,000 tonnes of limestone a year and although the CEGB said this was not very much compared with the amount extracted for other industries, nature lovers had been appalled to hear that it had originally considered limestone quarrying in Ribblesdale, in the heart of the Yorkshire dales.

In ruling out the Ribbledale site, the CEGB said it could also give a similar assurance about the limestone to be used in the other power stations on its clean-up list.

Environmentalists are keenly interested in how the CEGB plans to dispose of the 500,000 tonnes of artificial commercial grade gypsum which it intends to produce through gas-scrubbing at Drax. Since the CEGB would like to offer it as a raw material to the plaster-board industry the solution will also have far-reaching commercial implications.

Gypsum rock, which exists in various areas, is the main raw material used to make plaster board for the building industry, and is also used in bag plaster and cement.

The plaster board industry is in the hands of one company, British Plaster Board; its subsidiary, British Gypsum, has five main plaster board plants. Four are next to sites where the company mines and pulverises gypsum prior to conversion into plaster board. It mines about 3m tonnes of gypsum a year, and employs 3,700 people, some of whom would become redundant if British Gypsum ceased mining operations.

Mr Allan Clarke, British Gypsum's deputy managing director, said the company might be interested in a supply of artificial gypsum if the quality was right. In West Germany, where the power station clean-up programme is far more advanced than in Britain, the plaster board industry has been moving its operations from gypsum mines to the vicinity of the power stations.

As far as Drax is concerned, there seem to be prospects for a perfect marriage with British Gypsum. The company has a plaster board plant only a few miles away at Sherburn in Elmet, where gypsum requirement corresponds fairly closely to the anticipated output of the power station.

Moreover, although the plant is built on a gypsum mine, it has for some time been supplied with gypsum mined elsewhere in the country, particularly since last year when the local gypsum mine was flooded.

British Gypsum and the CEGB have been discussing such a relationship for some time. However, while claiming to be optimistic, Mr Clarke has made no secret of his belief that the CEGB has a far greater stake in it than his company. At the same time, a privatised electricity industry might be a tougher customer. What would prevent it from breaking British Plaster Board's effectual monopoly by establishing plaster-board plants on power station premises?

Meanwhile, fully-fledged negotiations have not yet started and the CEGB has commissioned advice from Ove Arup, the consulting engineers, on alternative methods of disposing of the waste from Drax. The studies also embrace the power stations which the CEGB may build at Southampton, West Burton, Nottinghamshire and Kingsnorth, Kent.

Even if it struck a deal with British Gypsum, the CEGB would still need planning permission for alternative ways of disposing of its gypsum, such as landfill. This is not merely because the British Gypsum deal might break down but because not all the gypsum would necessarily be saleable.

The quality of the gypsum would depend on the sulphur content of the coal to be used at Drax and on the desulphurisation technology which the CEGB selects. It is currently considering technical proposals from six different companies, the systems of which are thought to produce slightly different grades of gypsum.

In addition to the limestone-gypsum technology, the CEGB is considering two other FGD methods, both of which use far less limestone and produce different waste materials.

One of them, the spray-dry method, produces a dry product which is more suitable for use in landfill. There is also the Wellman Lord process, in which the limestone is recycled. Instead of gypsum, this process produces sulphuric acid or sulphur, a staple feedstock of the chemicals industry.

Some environmentalists give this process the highest marks since it causes the least problems with disposal. Since the CEGB has said its aim is "to achieve an overall environmental benefit", they say it should choose this rather than the gypsum process for its first desulphurised power station.

For its part, the CEGB will have to strike a delicate balance between a wide range of factors —the effects not merely on the environment and the markets for gypsum and sulphur but on the cost of its own product — electricity.

Scots 'will resist' nuclear dumping

PLANS TO store spent nuclear fuel at Chapelcross in Dumfriesshire will be fiercely resisted by the Scottish people, according to the Scottish National Party.

A £200m dry store is planned for Chapelcross, where irradiated fuel from advanced gas-cooled reactors could be kept in concrete vaults for up to 100 years.

Antagonism intensifies between SDP factions

BY TOM LYNCH

MRS SHIRLEY WILLIAMS, the Social Democratic Party president, and Mr Roy Jenkins, its former leader, should leave the party if its members reject the proposed merger with the Liberals, an aide to Dr David Owen, who resigned as SDP leader on Thursday, said yesterday.

Mrs Rosie Barnes, who is co-ordinating the anti-merger faction within the SDP following the party's ballot vote to enter talks with the Liberals, said the "most damaging" outcome of the merger debate would be if the pro-merger group "just remained in the wings, waiting to try again."

SDP members would be "constantly looking over our shoulders" if this group remained in the party. She hoped the break would be "clean and final" after the ballot on the merger package, which is expected later this year.

Her comments came as antagonism between the two factions of the SDP deepened, with Dr Owen and recently ennobled Lord Jenkins making bitter remarks about each other, and as Dr Owen's supporters took heart from a Sunday Times poll suggesting that half the members of the policy-making Council for Social Democracy strongly opposed a merger.

Writing in The Sunday Times, Dr Owen accused Lord Jenkins of supporting the "soft centre" or "cop out" nuclear freeze movement.

In an extract from his forthcoming book published in The Observer, he accused him of regarding the SDP as a "transit camp" on the way to merger with the Liberals.

Lord Jenkins, writing in the Observer, was scathing about Dr Owen's complaint that the pro-merger faction had "ducked out of" the debate on the retention of nuclear weapons.

"I have never heard of a political party founded on a weapons system. The only way to have an absolute policy guarantee for the future is to have not a party but a private army."

He said any SDP grouping which went its separate way after a merger would not be the SDP but a breakaway from it – the SDP would be inside the new party.

In The Sunday Times, Dr Owen appeared to accept that most SDP members would opt for a merger but argued that there should not be "a long and bitter wrangle over who should walk off with the assets."

Mrs Barnes said the new party would not be able to prevent the anti-merger group continuing with the name and the logo of the SDP, because neither was covered by copyright.

A ballot accepting any package would simply be an indication that SDP members should join a new party but could not be binding on individuals and could not prevent the SDP continuing to exist.

She predicted that the new party would immediately be wracked by a leadership battle, with Mr Paddy Ashdown, the MP for Yeovil, standing against Mr David Steel, the Liberal leader, thus forcing an SDP figure to stand to counter the impression of a Liberal takeover with only Liberals contesting the leadership.

Construction sector enjoying buoyant phase, says survey

BY ANDREW TAYLOR

THE CONSTRUCTION industry is enjoying one of its best periods for years, and the trend seems likely to continue for at least another 12 months, according to figures published today.

A survey of 140 civil engineering companies, conducted last month by the Federation of Civil Engineering Contractors, shows an increasing number of contractors expect orders to rise over the next year.

About 42 per cent of companies questioned in July expected new orders to increase during the next 12 months while a similar proportion expected workloads to remain "steady."

When the federation asked the same questions in April, only 27 per cent of companies said they expected workloads to rise, and just over 55 per cent expected orders to remain at around current levels.

More companies also expect repair and maintenance work to increase over the next 12 months. Just over a third of respondents questioned last month expected such orders to rise, compared with 24 per cent in April, the federation said.

It said more than half the contractors questioned in July said order books had improved in the last 12 months while just under 30 per cent said orders had remained unchanged. Only 21 per cent said orders had fallen.

One of the more encouraging aspects of the survey was the improvement in the fortunes of contractors based in areas other than London and the south-east.

Order books had shown the greatest improvement in the Midlands, Yorkshire, and the north. However, these were regions where workloads had been especially low. So even a small increase in orders could disproportionately affect the figures.

None the less the improvement was a distinct change for the better and most welcome.

It said there had been a general increase in the number of invitations to contractors to tender for work but margins remained tight and competition was intense.

LABOUR FLEXIBILITY SEEN AS KEY

Reo Stakis hotels plan work-practice overhaul

BY JOHN GAPPER, LABOUR STAFF

THE REO STAKIS hotel chain is planning a radical package of working practices aimed at removing demarcation between departments and increasing staff flexibility, following its withdrawal of trade unions recognition earlier this year.

The company intends to introduce a new grade of multi-skilled hotel employee who would switch between hotel areas such as reception and housekeeping to cover daily fluctuations in demand.

It also plans to try to reduce staff turnover from the high level common in the industry by offering employees more regular working week. This would be based on ending split shifts and guaranteeing a two-day break each week.

Stakis has commissioned a computer study of work patterns over the past five years at one of its 33 hotels in the UK to see how many staff would need retraining for the changes.

It is to set up its own training college in Aviemore, Scotland, which it envisages training up to 60 staff at a time in multiple skills for both Stakis hotels and those owned by other groups.

Mr Colin McGrath, personnel director, said hotels experienced considerable retention and recruitment problems for all grades of staff because workers were put off by the unpredictable work pattern, often involving split shifts.

"The employment image of the industry has been dreadful over the years, and there are certain things which have to be done if labour turnover is to be reduced. I believe that we are now facing up to the problems."

A study of the 100-bedroom Grand Hotel in Stoke-on-Trent is being carried out for Stakis by the Manchester Polytechnic catering college, and Mr McGrath says hotel staff have expressed willingness to co-operate in a pilot scheme.

Stakis withdrew recognition from the GMB general workers' union earlier this year following a reduction in scope of the Licensed Residential Establishment and Licensed Restaurant Wages Council annual order, which sets minimum pay and conditions for the industry.

Under the 1986 Wages Act, the order now sets only the minimum basic and overtime rate and limit on deductions for accommodation for workers 21 and over. This has cleared the way for hotels to make widespread alterations to working conditions.

Hotels must still consult workers employed under previous contracts before their working conditions can be changed. Stakis intends to fulfil this requrement by putting the changes to "consultative committees" at each hotel.

A bigger gap, a bigger problem

JOHN PLENDER

I don't suppose that the new glamour technology of superconductivity is the sort of thing that keeps the Ayatollah Khomeini up at night. But there are plenty of other, more worldly folk in the developing countries for whom it looks like one more dismal example of how changes in the West's industrial structure are eroding comparative advantage in the Third World.

To express sympathy for these people when the recent surge in oil and commodity prices has caused the financial markets to work themselves into a high state of angst over inflation may strike readers as perverse. Yet these inflationary worries are unlikely to endure in the longer run for precisely the reasons that have been upsetting delegates at the seventh session of that rather forlorn body, the UN Conference on Trade and Development (Unctad), which came to an end in Geneva last week.

To put it in economist's argot, the elasticities of supply and substitution now work so efficiently that it is increasingly difficult for commodity producers to improve their terms of trade vis a vis the developed world — notwithstanding the fact that Unctad's grandiose plan for a Common Fund for Commodities now looks like creeping off the ground more than a decade late.

More simply, purchases of expensive western manufactures are having to be made from dwindling commodity export earnings. Technology is one of the reasons why the balance of economic power has changed.

Superconductors, to take the most fashionable case in point, incorporate new ceramics that can carry electricity without the resistance that causes heat loss in normal conductors like copper or metal alloy. Ceramics, unlike copper, tend to be dirt cheap. And the application of superconductors to a whole range of conventional products in the home the office and the factory could substantially reduce energy requirements.

Some scientists expect superconductivity to halve the size and weight of conventional electricity generators, with huge savings in energy consumption. Two mainly Third World birds — the oil and metals markets — are thereby stunned with one cheap ceramic stone.

It remains to be seen whether the promise of this miracle technology is fulfilled. Yet it is simply one of several that exemplify the trend. Another much quoted case is fibre optics, where the telephone traffic that used to be carried by a ton of copper wire may be carried by a mere 100 pounds of fibre optic cable, which in turn requires far less energy to produce.

All this is grim news for most commodity producers. For while the developed world enjoys a windfall gain as the cost of finished products is slashed by a combination of declining commodity prices and technological advance, the gainers do not invariably spend the windfall on goods from the countries that have suffered.

Nor is that the end of the story: the other great economic resource of the Third World — cheap labour — is being made to look less attractive to multinational companies in the developed world who might otherwise invest in overseas manufacturing plant.

Kenichi Ohmae, McKinsey's celebrated guru in Japan, argues that ten years ago about 25 per cent of the cost of production of manufactured goods was usually made up of labour costs. With wages at only a quarter of the Japanese level in much of south-east Asia, it was possible to cut production costs by 20 per cent simply by moving operations there.

Today's higher technology manufacture is less easily transplanted and components account for much more of the cost of production. With workers' wages amounting to only 7 or 8 per cent of production costs, even halving the bill for direct labour by moving overseas would only reduce production costs by 4 per cent. And wages in south-east Asia have anyway been creeping up.

Some in the West see little reason to worry about all this. If the terms of trade have shifted against the oil and commodity producers, that is just retribution—runs the argument — for their attempts to attract excessive prices for primary products in the 1970s. Looked at from the perspective of President Reagan or Mrs Thatcher, the Third World is a kind of moral gymnasium whose austere trappings are happily endowed with character-building qualities.

But what sort of character will it build if the adverse shift in the Third World's terms of trade turns out to be a secular trend rather than a cyclical phenomenon? And what if the model of development offered by South Korea, Taiwan or Hong Kong becomes harder to attain because of the changing nature of the manufacturing process?

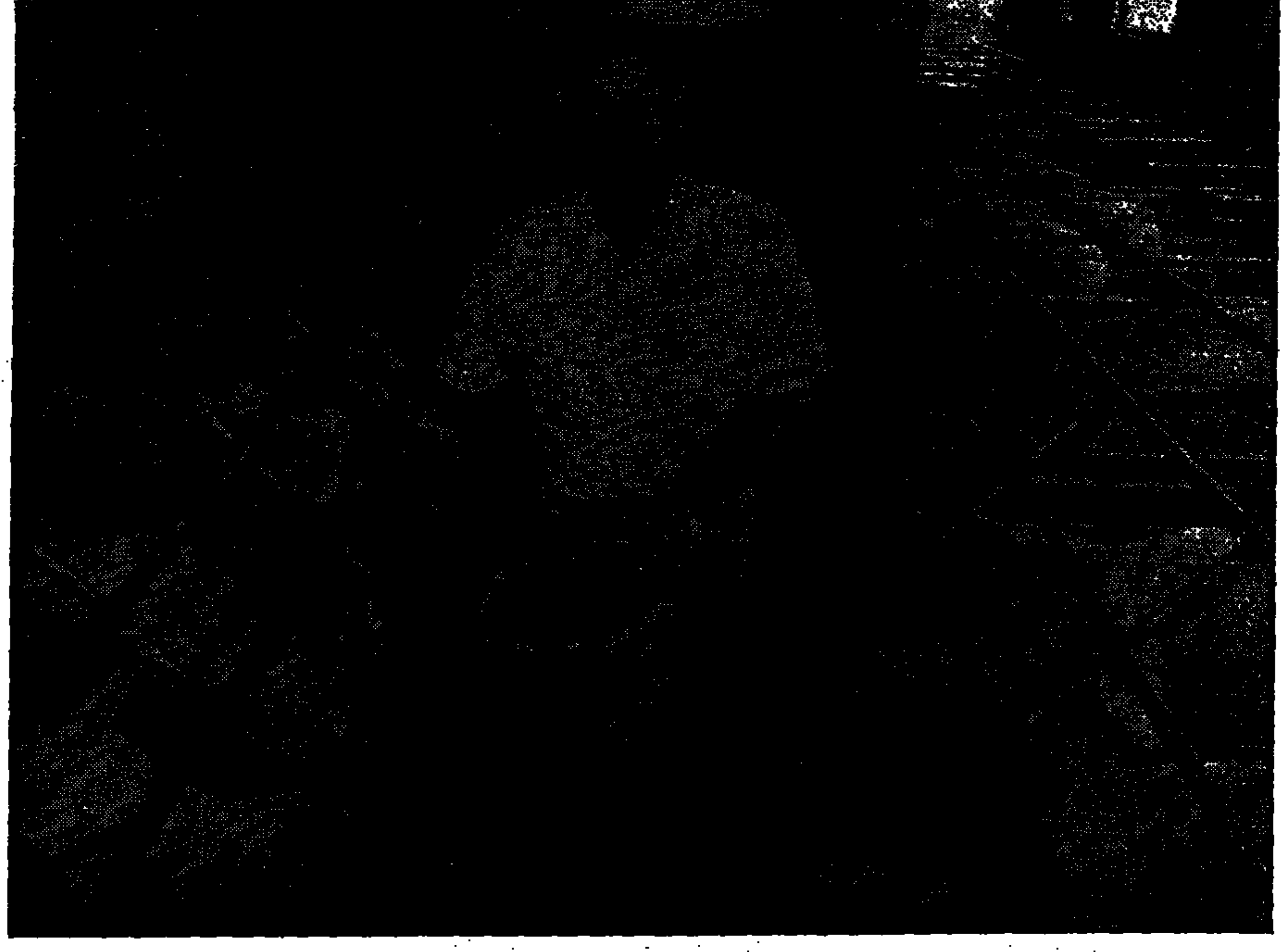
When people are deprived of hope and see no end to the widening of the gap between the First and Third Worlds, they have a diminishing stake in peace and stability. They are also unlikely to provide much of a market for the developed countries' goods — although the Khomeinis of the 21st century will almost certainly win access to western nuclear arms technology.

A hard-nosed approach to the developing world may be appealing for ageing politicians who will not be around when the balloon goes up. But the rest of us must surely acknowledge and foster a common interest in our economic relations with the poorer parts of the world.

INTERVIEW

Down to business on and off the farm

Robin Pauley meets Roger Douglas, New Zealand's Finance Minister



ROGER DOUGLAS keeps pigs in a land where everyone else keeps sheep —60m of them. That is not the only contradiction: he is a snappy dresser in a country where many, including Cabinet ministers, seem to prefer to look like shepherds; he is a socialist, yet he is liberalising the economy as rapidly as any politician in the world.

That combination prompts all sorts of comments of the "selling out to the capitalist pigs" variety from his opponents inside and outside the New Zealand Labour Party. They bother him not at all.

He does not somehow look like a man charged with the revitalisation of a dormant economy. But then New Zealand is not the kind of place where you would expect such a dramatic experiment to take place.

In just three years the country's economy has been transformed from a woolly, over-subscribed, lumbering creature into a bounding greyhound, outclassing slower moving reforms like Australia, Britain and the US.

Curiously, New Zealand's reforms, like those in Australia, have been based on the principles of free markets and competition—and yet have been brought about by Labour. The outgoing conservative administration left the country, in 1984, with more protectionism and subsidies than it had ever had.

The moment David Lange's Labour Party gained power, with Roger Douglas as Finance Minister, the action started. The kiwi dollar was devalued and, after an unnecessarily long pause, the currency was floated and all exchange controls abolished. Since then change has been non-stop: trade barriers dismantled, taxes down, profits and equities up, subsidies abandoned.

Inevitably some people have been swept away: companies have folded and unemployment, hitherto all but unknown, has risen sharply. Whether enough people are prepared to continue putting up with this will be clear on Saturday, when the country votes in a general election.

"Whatever happens in the election, I think there can be no going back to the bad old ways," says Mr Douglas. "We have achieved a change in attitudes and New Zealanders realise, for the first time in many years, that the country has to compete in the real world out there. I know some people are hurting in the transition. But they know there is no alternative and I believe they accept change is necessary.

"I think there is a general understanding now that unless we get real and competitive growth, and get money moving into areas which have potential for growth in the future, we are not going to get the jobs anyway."

However, it is significant that Mr Douglas, whose economic reforms have been dubbed "Rogernomics," is playing a low-key role in the election campaign. He appears in only one Labour Party television commercial and is almost invisible on the stump.

Labour strategists have decided that while the country needs Rogernomics—a fact businessmen undoubtedly recognise—two key electoral groups may be suffering enough to bring the experiment to a halt: the farmer and the ordinary salaried person. Their living standards have fallen and they can either not see light at the end of the tunnel or do not want to wait.

New Zealand has an exceptionally short parliamentary term of only three years, too short for any medium-term strategy to be completed. If Labour is rejected—increasingly possible but still unlikely —it will be a stunning repudiation of the Douglas strategy which has inter alia, reduced the budget deficit from 6.9 per cent of gross domestic product in 1983-84 to 2.2 per cent forecast for 1987-88. On some reckonings, this year could even see the first surplus for 35 years.

"My vision has been to try to establish an economy where people can achieve to the maximum of their ability. The key is not necessarily to put everything in the private sector but to be more competitive, more efficient. We also will have a better health and education service but not necessarily spend more."

He has had some luck. Paul Keating, the Australian Treasurer, pursuing similar policies more slowly, tried and failed to introduce a consumption tax; Nigel Lawson, the British Chancellor, has tried and failed more than once to extend VAT to virtually all goods. Mr Douglas introduced a 10 per cent flat-rate goods and services tax (GST) last year and resisted all the old arguments about exempting food, children's clothing and the like. New Zealand now has the world's broadest tax on value added.

"There is no doubt that the GST was really critical for us. We get a big lot of revenue out of it and it gave us the flexibility to cut direct taxes and really get going, at the same time as making the system much fairer."

Does such sweeping change make him nervous? "No, we had some hairy moments but I do not worry, mainly because I'm not afraid to admit mistakes or change course. I do not know of many decisions, frankly, which cannot be changed to get you back on course — too many people get hung up about that. The key thing is to keep the objective in your eye and not always be caught up in the means."

He quickly gives examples of mistakes. "We devalued the dollar instantly, but then did not float the currency and remove all exchange controls until the following March. We probably shouldn't have hung around so long. November or earlier would have been just fine."

And he blames himself for allowing the bureaucracy to impede his plans to reduce the state sector. "We lost six months, not because of colleagues but because of bureaucratic in-fighting and people trying to protect empires. It took time to get on top of it. I've learned a big lesson there.

"We are, however, now moving slowly out of the state sector. Corporatisation is a half-way house with proper management structures. We have to get the regulatory environment right first, before they are moved, and some are certainly not in any fit shape to be floated off yet, so we will sell part of the state holding first and some more or the rest later. There is anyway a limit to how much you can float off at once because the capital markets will not and cannot take it."

Certainly things are moving. "Look at Air New Zealand. Did you ever fly it?" he asks. Until recently there was no alternative but under the new policy, as well as selling 25 per cent of the airline, the Government has given the thrusting Australian airline, Ansett, permission to fly internal routes in New Zealand. The result has been remarkable: Air New Zealand has brushed up its act, rebuilding its shabby airport facilities. Having discovered that Ansett plans to bring passengers on board through covered bridges, Air New Zealand is racing to follow suit, after years of making passengers brave the often inhospitable elements before boarding.

The difficulty is that although the paying public welcomes such developments, it is difficult to get them to accept that pain is inevitable in the transition.

It may be that too much emphasis has been placed on liberalising conditions for business and too little on explaining what is happening and why — although against that must be set the impression that New Zealanders are among the most economically literate in the world, chatting away freely about interest rates, debt ratios and imbalances between direct and indirect taxes.

Certainly business is Mr Douglas's preoccupation. Although he comes from a strongly political family, his first success was as a businessman and, during the long years in opposition when he was less than enchanted with the way Labour policy was moving, he concentrated on reviving the family health food business. "It was a safety valve. If I get too uptight about political things, I'd just go away and work on the business for three months and say 'to hell with it.'"

He almost quit politics in 1981 but was persuaded to stay by a combination of constituency loyalty and Mr Lange's urging, so he made himself a millionaire by selling the business to a multinational.

"Now I've got my pig farm. It's a partnership: I put in the money, my partner does the work. I like to mess around and I try to go most Saturdays. We've built it up from an output of 35 pigs a week to 120 and we've got 3,000 pigs. We make a bit of money and it's a great release for me."

If Labour wins the election Mr Douglas wants to keep the Finance Minister's job and continue the strategy. "I really like this and I'll stick with what I've got. I don't want any other job in government.

"There's a lot more to do. We must cut personal and corporate taxes still further and keep up the momentum. We must get government out of business — set the guidelines, the policies, the objectives and then leave individuals free to make the best possible use of everything they have got. We must look after individuals who need help, but we've got to create a society which enables people to move off dependency rather than one which locks them into it. We have started. I get a lot of pride out of what I now see New Zealanders doing in the new climate we have created."

What if this view does not meet with majority approval on Saturday and Labour is rejected at the polls? The party would probably back-track, with the new Social Democrats like Mr Lange and Mr Douglas being replaced with more traditional socialist activists.

"I wouldn't be around for long . . . I'd see myself as happily slipping to the back benches and eventually moving on. I'd like to go back and do something in business—not to the extent I used to be involved, for 80 hours a week. Nothing too big but something hands-on. Maybe four or five hours a week at 10 different things. Like the pigs."

● PERSONAL FILE

1937: Born in Auckland; educated Ellerslie Primary School and Auckland Grammar;
1954: Joins accounting firm and studies part-time for accounting degree from Auckland University;
1959: Company secretary, Brenworth Carpets;
1969: Enters Parliament as Labour MP for Manukau, third generation of family to sit in the House of Representatives;
1972: Broadcasting and Posts Minister, youngest Cabinet minister for 50 years;
1974: Minister of Housing;
1975: Labour Government defeated, concentrates on business interests;
1980: Publishes There's Got to be a Better Way, basis of "Rogernomics";
1981: Comes close to abandoning politics, but stays and sells Red Seal family business to Wells;
1984: Finance Minister.

JUSTINIAN

Not to publish and be damned

THE focus on governmental actions in the courts restricting the freedom of the press will shift geographically this week to a case being brought in the High Court of Singapore by the Asian Wall Street Journal whose daily sale and distribution of 5,000 copies of the newspaper in Singapore were ordered last February by the Minister of Communications and Information to be restricted to 400 copies.

The issue at stake is the Singapore Government's claim of a right to be heard in the columns of a foreign newspaper to correct "erroneous and baseless allegations made in articles" of the newspaper.

The dispute arose last December following a front-page article by the Journal's resident correspondent in Singapore describing the background to the establishment by the Government of a second stock exchange for small firms, known as SESDAQ (the Stock Exchange of Singapore dealing and automated quotation system).

The article reported the reaction to SESDAQ by some members of the financial and commercial community in Singapore. The article provoked an instant letter of complaint from the Director of the Banking and Financial Institutions Department of the Monetary Authority of Singapore.

The complaint was that the Journal's reporter was biased and that factual errors in the article confirmed such bias.

The editor of the Journal, based in Hong Kong, declined to publish the letter. Instead he invited the director to submit a letter for publication omitting the attack on the Journal's staff member for unprofessional conduct.

The editor's stance reflected the policy of the Press Council in Britain: that the editor's voluntary "right of reply" code provides specifically that editors are entitled to reject letters for publication which defame their staff or misstate facts.

The ensuing correspondence reached an impasse. No letter of correction appeared in the Journal from any government source, although a letter from the private sector representatives on the SESDAQ Working Committee did appear expressing some of the director's views.

Without warning the Minister, on February 9, took administrative action against the Journal under a new law passed only a year ago. This empowered the Minister to declare a foreign publication as "engaging in the domestic politics of Singapore" and permitted him to restrict the circulation of each issue of any declared foreign newspaper "to such a number of copies as he thinks fit."

Following the Minister's order the Journal declined an offer by the Singapore Government to allow the financial daily to distribute more than the official limit of 400 copies a day, on condition that it excised from the issue all advertisements. This was rejected on the ground that news items and editorials are integral parts of the newspaper.

The idea that the Asian Wall Street Journal should print a special edition each day for Singapore and distribute it free of charge—a suggestion had been made by the journal's editor to distribute copies free to existing subscribers—would mean additional mechanical costs as well as daily scheduling problems.

Thus the conflict has come to court. The Asian Wall Street Journal is challenging the Minister's order on two main grounds.

It is asserting that the 1986 law violates the Singapore constitution, in that it deprives citizens of their right to receive information through the media and hence their right to freedom of speech and expression guaranteed under the constitution.

It asserts, moreover, that none of the limited qualifications on the guaranteed freedom can apply. In particular the Government's claim to a right of reply does not give parliament the power to impose a restriction on free speech as it deems necessary or expedient on grounds of public order or morality.

The second ground acknowledges the validity of the 1986 law but challenges the Minister's power to use it against the Asian Wall Street Journal.

The basis of this challenge is that whatever else may be said about the editor's refusal to publish the letter of complaint the journal cannot be said to be "engaging in domestic politics of Singapore."

All that the Journal was doing was publishing a news item communicating comments of businessmen and other interested people in Singapore on matters of financial and commercial interest. It was not concerned with "domestic policies," let alone "engaging" in them.

The Singapore Government thinks differently. It has gone on record as giving what it thinks is the proper meaning to the phrase "engaging in domestic politics." It has given as examples, the publication of material intended to generate political, ethnic and religious unrest; indulging in slanted, distorted or partisan reporting; or persistent refusal to publish the Government's replies in order to refute misreporting and baseless allegations.

The English-speaking press will be watching keenly to see how the Singapore courts will view this latest intrusion into press freedom. Already other parts of the Commonwealth have been eyeing the Singapore legislation of 1986 with a view to emulating this variation on the theme of censorship.

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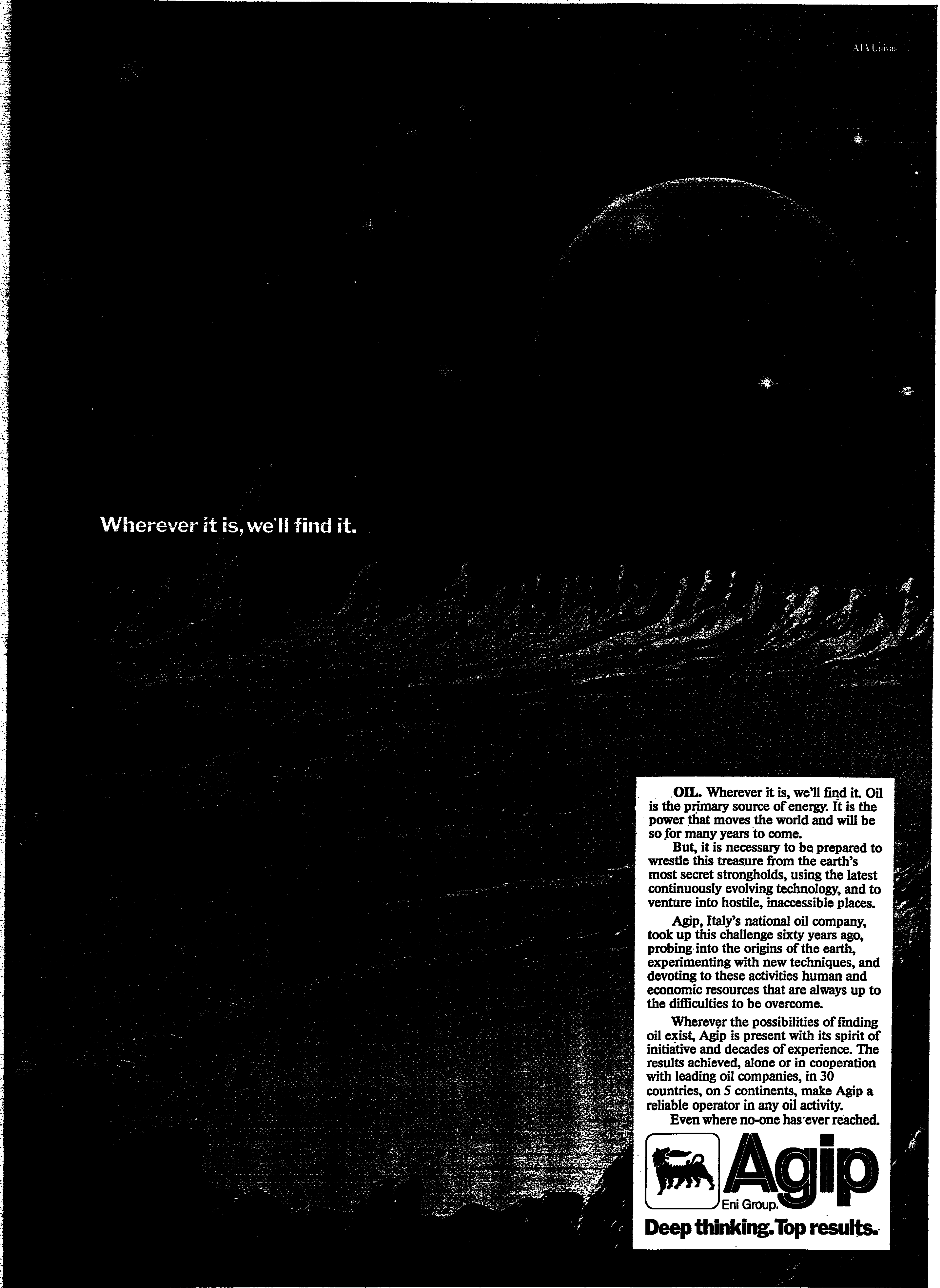
ATA Univas
Wherever it is, we'll find it.
OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.
But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.
Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.
Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.
Even where no-one has ever reached.
Agip
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Deep thinking. Top results.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

GEC Avionics

An all or nothing bid to reach for the sky

Terry Dodsworth describes the UK electronic group's approach to winning a US contract to supply airborne computers

WHILE THE General Electric Company may have suffered a bloody nose at the hands of the American defence establishment with the recent loss of the Nimrod early warning aircraft contract, the traffic has not been all one way. In the past few years, the company's avionics division has built up a healthy export business in the US; and two years ago it pulled off a significant coup with a deal to replace the airborne computers in a wide range of US military aeroplanes.

Including a £35m order announced last month, this business will be worth £135m to GEC Avionics up to the early 1990s, and has already created about 2,400 jobs within the group and its 80 or so UK subcontractors. It has also demonstrated the company's ability to work in an environment far removed from the cost-plus contracting methods which have come under attack at the British Ministry of Defence, and which have often been cited as a cause of complacency at GEC.

The contract grew out of unusual circumstances. Starting back in the late 1970s, the US Air Force and Navy began to toy with the idea of replacing their on-board air data computers in a range of about 39 aircraft with a uniform product.

It was a radical idea, bringing together two armed services which were known historically for their professional jealousies and inability to co-operate. But it gathered support because of the potential savings from standardisation of the data processing machines, which are used for monitoring air pressure and height.

What the services were aiming for was a single, new, up-to-date air data computer that would be much cheaper to maintain and produce because it would be standardised for all the 39 aircraft. They wanted to rip out their existing units and replace them with new ones that would plug straight into the electronic systems of each of the different aircraft, a mixed bag of fighters, bombers and transporters.

And although the boxes themselves would be shaped differently, they set a target of a minimum of 70 per cent common parts — a target GEC easily met with more than 80 per cent commonality.

Bidding for this contract posed two marketing challenges to GEC Avionics. First, It had to carry a large body of subcontractors with it, convincing them to give support and making sure they performed to standard. For many of the British sub-contractors involved, the programme was far higher than any they had experienced before, involving new skills and, crucially, a more disciplined attitude to the market.

"The key element in the American approach is that they announce a public target and demand total visibility in reaching it," says Fred Mackley, manager of the Instrument Systems Division at GEC Avionics. "They demand a fixed price, they expect you to have calculated your risk, and they will not tolerate secret deals. The one thing they will never forgive you for is hiding a problem."

GEC, says Mackley, had already gone through its own culture shock in facing these constraints several years before when it first started attacking the US market. For the new contract, it decided that it would need to spend a great deal of time inculcating these ideas among its component suppliers. The subcontractors needed professional support in certain areas, and GEC wanted commitment. "Every single person who cuts metal for this contract has had the story from me personally," he says.

The second challenge for the group was to decide on the level of risk it was willing to run to try to win the deal. The military contractors had committed themselves to run what was effectively two competitions. In the first of these, the aim was to select two potential contractors, who would then go on to build production-standard computers and fly them in all the aircraft in the project. After that, there would be a second stage of competitive tendering for production.

With this two-part bidding process, the potential suppliers were faced with the danger of investing heavily to prove their ability to fulfil the contract, but then being defeated in the bidding for the supply agreement where the profits would be made. "You are at risk right up until you get paid for the first delivery," as one GEC executive puts it.

From the start, according to Ron Howard, managing director of the Avionics division, GEC committed itself to a radical, high-risk approach. After emerging from an initial run-off as one of two companies to work on prototypes—the other was Garrett, the Allied-Signal subsidiary—it decided to go straight into a production mode of design and development.

This meant jumping the normal prototype stage, in which engineers work out feasible designs and produce model equipment. Indeed, GEC Avionics tooled up the factories for its designs from the beginning, laying out £3m of its own cash at the prototype stage as well as the $5m it received from the US military.

"Our design units impressed the customer because they looked like production units—which they were," says Mackley. At the same time, the intensive work put in at the pre-production stage has allowed the group to move rapidly into high volume output.

Howard believes that none of this speed in moving from design into production would have been possible without a heavy spending programme it launched in the early 1980s on computer-aided design.

This was part of a process which has seen the company concentrate increasingly on system design, assembling and testing rather than manufacturing. Today, between 70 and 80 per cent of the value in the airborne computers comes from supplier organisations, it says.

The corollary of becoming this kind of market-oriented group, seeking out opportunities and trying to capitalise on them as rapidly as possible, is that GEC Avionics has been forced to rely increasingly on subcontractors.

Suppliers, says the company, are now becoming an increasingly important part of the electronics chain because of the high degree of specialisation in the industry; and this in turn means that the process of controlling the supply chain becomes a vital element in winning and holding a contract.

"It is often said that Britain suffers from subcontractors which are lazy, slow and inefficient," says Mackley. "It is not true. You have to give them support, and you must motivate them. But we have moved with many of these suppliers from a situation in which they were making 10 units a month to 120. We have changed their lives."

INSIDE EDGE

'The whole of England does not have to operate out of London'

John Collins tells Hazel Duffy why he is uprooting 140 families

"I BELIEVE so strongly that this move is right for the company that it would have been a failure in my leadership if I had not been able to persuade them."

Thus John Collins put his credibility on the line when he decided that Shell Chemical UK should move its headquarters. "Persuading them" meant convincing some 180 middle and senior managers that moving from London to Chester, 179 miles to the north west, would be in everyone's best interests, as well as the company's.

He succeeded in persuading 80 per cent, who will be moving over the next few months. They will join 50 from the administration office in Wilmslow, Cheshire, and 20 staff will be recruited locally.

Relocation of the head office is much more than an administrative arrangement for Collins. He intends to use the move to establish a much stronger corporate identity for the company within Shell, in the market, and with the general public.

Collins joined the UK arm of Shell Chemicals as managing director in late 1984 from Shell's international chemicals group. He was given the brief to turn the company round. Rationalisation, restructuring and investment, and the recovery of the industry from recession, nudged the company from losses into post-tax profit of £11m in 1985 and £33m last year.

Seven business centres, each with its own marketing, sales and support teams, were set up for the main product areas. The aim was to give customers the advantage of flexibility and personal contact without losing the benefits of a large organisation.

But Collins wanted to do more to sharpen up the company's image with customers and to instil into employees the feeling of a separate identity that they work for Shell Chemicals UK, and not just the UK branch of the Shell international chemicals group. "I want a successful operation in the UK which is part of a worldwide group."

The head office presented the opportunity. Housed temporarily in an office block close to Trafalgar Square, the intention was that it would move to Shell-Mex House in the Stand, when refurbishment was completed.

Collins began to look at other possibilities, including that of moving near to the company's plants at Stanlow and Carrington, in the north west. The closer he looked, the more he liked the idea of moving to a purpose-built office which would accommodate new technology, have an open plan lay-out so as to develop teamwork, offer pleasant reception facilities to customers, and have the capacity for expansion.

The Chester area fitted the book. It is close to the manufacturing—"I wanted us to be more identified with manufacturing, rather than just selling or trading," explains Collins—and to the company's administrative group housed in Wilmslow which could probably be moved to Chester without too much trouble.

"I also believe that the whole of England does not have to operate out of London. We were already well-established in the north west, so why not contribute a bit more to its prosperity?"

Collins convinced the Shell board of the commercial viability of the move. The task then was to persuade the staff that the upheaval of moving home, schools, perhaps leaving elderly parents, and spouses finding new jobs, was to their long-term advantage as well as that of the company.

From the start, Collins made the campaign of communicating all this to his staff a personal crusade. He also found very early on that, with his line managers, he would have to accelerate decisions about the careers of some staff.

Employees were separated into two categories: those who could expect to be transferred overseas, or to work in the group head office which would mean London, in the foreseeable future—they were advised not to sell their houses in London and buy in Chester, but to rent or lease in the north west. House prices in the area are high for the north of England, but people faced with taking up residence in London again would still have a considerable gap to fund.

Some younger staff wanted an indication of their promotion prospects with the company. Joining Shell used to be like joining the civil service—it was a career for life. Today there is more than a hint that people contemplate moves to other companies, and feel that London is the place to be if they are to keep in touch with opportunities.

"We have had to sharpen up our personnel practices, and go in for a higher level of openness," says Collins. "That is not a Chester move issue, but a career matter."

He has also found himself being more forthcoming on the long-term strategy for the company. The blueprint for the next 25 years has been outlined to employees. The areas where Shell Chemicals believes it can be most competitive have been identified. They are of two types: those in the "integrated" business which relates to the group, and its production of feedstocks; and "discrete" businesses, self-sufficient, which will include newer products as well as those traditionally produced by the company.

The plans require that both capital needs and the human skills in research as well as manufacture be identified; after severe cutbacks, Shell is likely to take on staff in future.

"We have to continue to convince Shell that it is right to spend money in the UK, which means continuing to perform. We have a good chemicals business—three years ago that was not so—and by the year 2000 it will be a very worthwhile part of the portfolio."

Collins is determined that expansion will not lead to the recreation of a bureaucracy. That "greenfield" office just outside Chester increases his chances of succeeding.

DIARY DATES

Trade fairs and exhibitions

August 23-25
International Craft and Hobby Fair (04252 72711)
Wembley Conference Centre

August 30-September 1
Scottish Industry and Commerce Trade Fair (0202 767073)
Scottish Exbn Centre, Glasgow

September 2-4
IMB System User Show and Conference (01-608 1161) Olympia

September 4-6
Money Show (0895 58431)
Aberdeen

September 6-10
Autumn Gifts Fair (01-855 9201)
Olympia

September 8-11
Offshore Europe Exhibition and Conference (01-549 5831)
Aberdeen

September 8-13
Chelsea Antiques Fair (04447 2514) Old Town Hall, Chelsea

September 14-18
International Welding, Cutting and Metal Fabrication Exhibition —WELDEX (021-705 6707)
NEC, Birmingham

August 11-14
Brazilian Summer Fashion Collection — BRASIL FASHION FAIR (01-499 0877)
Rio de Janeiro

August 21-27
International Jewellery and Watches Exhibition — JEWELFAIR (01-464 4129) Singapore

August 22-26
International Autumn Fair (Consumer Goods) (01-734 0543)
Frankfurt

August 28-September 3
International Post and Telecommunications Exhibition—SINOPOSTAL (01-891 6451) Shenzhen

September 1-4
International Industrial Maintenance and Cleaning, Municipal Refuse Disposal and Destruction etc Trade Fair (01-741 4437)
Amsterdam

August 10-12
Frost and Sullivan: Managing the data centre as a business (01-730 3438) London

August 13-18
International Conference and Exhibition on Fish Farming Techniques and Equipment—AQUA NOR '87 (Trondheim 47 7 513322) Trondheim

September 7-8
IBC: Broadcast radio into the 90s (01-236 4080)
London Press Centre, EC4

September 10-11
Financial Times: World Motor (01-621 1355) Frankfurt

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
COMPANY MEETINGS—
Aberdeen Steak Houses, Coventry House, 21 Coventry Street, W, 10.00
Cons Tern Invests, Post House Hotel, Eastern Avenue, Pentwyn, Cardiff, 10.00
Walker and Staff, Walker House, 6-8 Boundary Street, E, 3.00
BOARD MEETINGS—
Finals:
Ailsa Inv. Tst.
Brunning
Estates Property Tst.
Finlan
Interims:
BBA
Jamesons Chocolates
Pacer Systems
Process Systems
Relvon
Transport Devpt.
DIVIDEND & INTEREST PAYMENTS—
Amersham Intnl 5.4p
Conversion 9½pc 2001 4¾pc
Fairbriar 3.3p
GEI Intnl 3.91p
General Cons Invest Trust 4.5p
Hambros 5.5p. Non-vtg 2.1p
Hoskyns 0.6p
Intnl Signal and Control 2.2 cts
Lorin Electronics 2p
Microgen 1.5p
Renold 1.3p
Salvesen (Christian) 2.25p
Scanro 1p
Whitecroft 7p. 4.1pcPf 2.05p
TOMORROW
COMPANY MEETINGS—
Danae Invest Trust, Friendly House, 21-24 Chiswell Street, EC, 4.00
Evans of Leeds, Queens Hotel, City Square, Leeds 12.00
Mansfield Brewery, Littleworth, Mansfield, 11.30
Priest (Benjamin), Priest House, Priest Street, Cradley Heath, Warley, West Midlands, 12.00
BOARD MEETINGS—
Finals:
Ashstead
New Wits
Interims:
Aspen Communications
Clarke Hooper
Continental and Industrial Tst.
F. and G. Enterprise Tst.
General Accident Fire and Life Asscn.
Manchester Ship Canal
Metal Bulletin
Vogelstruisbult Metal
DIVIDEND & INTEREST PAYMENTS—
Anchor Intnl Fund 6.1 cts
Baggeridge Brick 0.75p
First Chicago Fltg Rate Notes 1997 $190.07
Reed Intnl 5.75p
Wells Fargo Fltg Rate Notes 1998 $188.47
WEDNESDAY AUGUST 12
COMPANY MEETINGS—
Bristol Evening Post, Temple Way, Bristol, 12.00
Brown and Tawse, Kingsway West, Dundee, 12.00
Cartings, Post House Hotel, Chapel Lane, Great Barr, Birmingham, 3.30
ERF, Chimney House Hotel, Congleton Road, Sandbach, Cheshire, 3.00
Mountview Estates, Hotel Russell, Russell Square, WC, 12.00
Pepe, Hilton Hotel, Park Lane, W, 11.00
Turnbull Scott, General Council of British Shipping, 30-32 St Mary Axe, EC, 12.00
BOARD MEETINGS—
Finals:
Gnome Photographic Products
McKay Secs.
Saville Gordon (J.)
Interims:
Commercial Union
Foreign and Colonial Inv. Tst.
Novo Industri
Smith and Nephew
Ultramar
DIVIDEND & INTEREST PAYMENTS—
Aberdeen Steak Houses 1.2p
Belhaven 0.46p
Berkeley 1.65p
Bristol Evening Post 5p
Carless, Capel and Leonard 1.75p
CityFed Financial 10 cts
De La Rue 9.25p
Exchequer 11pcLn 1990 5½pc
Mansfield Brewery 6.75p
Marsh and McLennan 60 cts
Turnbull Scott 6p. Non-vtg A 6p
Walker and Staff 2.22p
THURSDAY AUGUST 13
COMPANY MEETINGS—
Baileys, George Hotel, Huddersfield, 12.00
Cohen (A.), 8 Waterloo Place, St James's, SW, 12.00
Penny and Giles Intnl, Painters Hall, 9 Trinity Lane, EC, 12.00
Somic, Last Drop Hotel, Bromley Cross, Bolton, 12.00
Symonds Eng, Royal Chase Hotel, The Ridgeway, Enfield, Middlesex, 11.30
Triplex, West Bromwich Moat House, Beeches Road, West Bromwich, 12.00
BOARD MEETINGS—
Finals:
Abbey
Beales (John)
Victor Products
Interims:
Applevard
Britannia Arrow
Heywood Williams
Royal Dutch Pet.
Shell Transport and Trading
DIVIDEND & INTEREST PAYMENTS—
Anglo Scottish Invest Trust 6⅛pcDb 1994-1999 3¼pc
Castings 2.75p
Nationwide Bldg Society Fltg Rate Notes 1996 (2nd Series) £38.56
Newman Tonks 3.2p
FRIDAY AUGUST 14
COMPANY MEETINGS—
Beaverco, Swallow Hotel, South Normanton, Derbyshire, 12.00
Blacks Leisure, Great Eastern Hotel, Liverpool Street, EC, 12.00
Northamber, Lion Park Ave., Chessington, Surrey, 12.00
Plantation Trust, 64 Lincoln's Inn Fields, WC 12.00
BOARD MEETINGS—
Finals:
Griqualand Expln. and Fin.
Highgate and Job
LDH
Wholesale Fittings
Interims:
Alliance Tst.
Spear (J. W.)
Plantation Trust, 64 Lincoln's Inn Fields, WC, 12.00
DIVIDEND & INTEREST PAYMENTS—
Beaverco 3.3p
Bett Bros 1.3p
Brunswick 7.5 cts
Campbell and Armstrong 1.9525p
Celestion Inds 1p
Clyde Blowers 0.83p
Coline Intnl 1.1p
Dobson Park Inds 1.9p
Egerton Trust 1.25p
Fishguard and Rosslare Rlys and Hrbrs 3½pcPf 1.225pc
Harrisons Malaysian Plantations Berhad 5 sen
Hawtal Whitling 8p
Hunting 4p
Prism Leisure 0.73p
Royal Trust Dollar Income Fund Pf 2.5 cts
Scottish Metropolitan Property 1.9p. 10¼pc 1stDb 2016 5.125pc. 6⅜pc1stDb 1988, 19993 3.1875pc
Symonds Eng 0.7p
Tongaat-Hulett 24 cts
Trinity Intnl 1.75p
Watson and Philip 2.3p
SATURDAY AUGUST 15
DIVIDEND & INTEREST PAYMENTS—
African and European Invest 6pcPf 0.91449p
Anderson Strathclyde 8pcLn 1986-91
Anglo American Invest Trust 6pcPf 1.82887p
Chase Manhattan 54 cts
Colgate-Palmolive 34 cts
Greater London Council 6½pc 1990-92 3¼pc
M & G Second General Trust Fund 9.5p
Sears 7¼pcLn 1992-97 3⅝pc
Storehouse 6.5p
SUNDAY AUGUST 16
DIVIDEND & INTEREST PAYMENTS—
Treasury 2½pc IL 2013 2.25pc

CONSTRUCTION CONTRACTS

From brewery to luxury

HIGGS AND HILL BUILDING is to construct a luxury two-part riverside development—to be known as the Anchor Brewhouse—adjacent to Tower Bridge in London SE1, for Anchor Brewery Developments. The project is expected to cost in excess of £4.5m.

An existing malt mill is to be reconstructed and refurbished and will provide commercial and leisure facilities on the lower four levels topped by nine apartments and a penthouse on four levels, with integral lift, rotunda and viewing platform. A new glass and steel viewing platform on the western side of the mill will give panoramic views over Tower Bridge, the River Thames and the City.

The brewhouse, which is linked to the malt mill, will be totally new construction providing 21 riverside apartments and a shop. While new elevations will echo the louvred style of the original facades, extensive areas of new glazing will further enhance the views from the building.

The sliding glazed screens of the Thames elevation will be stepped to provide balconies and terraces on the upper storeys. An elegant entrance hall will extend right through the building from front to back.

Twelve iron Tuscan columns, remaining features of the old Customs House, will be retained to stand in a four-level waterfall and pool feature.

Though the upper part of the brewhouse was destroyed by fire in the 1890s, the outline of the buildings is largely unchanged since the end of the last century, and the design remains very closely related to the functions which they were intended to house.

Tunbridge Wells Pantiles plan

NORWEST HOLST PROJECT SERVICES has been selected by Speyhawk Land and Estates to carry out a £5.3m design and construct contract in The Pantiles, Royal Tunbridge Wells. The project is due to start next month with final completion scheduled for February 1989 although some sections of work will be handed over by August next year. The contract involves all aspects of construction—new buildings alterations and refurbishment—of the Grade II listed 18th century frontage buildings, to form offices, shops, health club, restaurant and heritage museum. The new construction work unites with the older buildings to create a courtyard. Groundworks include a sewer diversion of a 900mm brick built sewer under one of the buildings, and underpinning and piling to stabilise the existing buildings. The new construction features a reinforced concrete frame founded on bored piles and has been designed to complement the surrounding buildings within the Pantiles conservation area.

Eve's home and overseas orders

Overseas communications and London hospital projects boost EVE CONSTRUCTION's workload. The first project is a £3.5m building contract at St Ann's General Hospital, Haringey, London, N15. The North East Thames Regional Health Authority through Sebire Allsopp Architects, has awarded the contract for the construction of a new single-storey 96-bed geriatric ward block. In addition, some six months after the start this month, the demolition of the porter's lodge/laundry store will take place and the redevelopment will provide a new single-storey generator building and fuel bund. The contract, which is due for completion in January 1989, includes drainage, landscaping, roads, terraces and pavings.

In the Southern Tropics, Eve is due to commence a major communications scheme for the BBC at the South Atlantic relay station on Ascension Island. The order was placed early in July for the design, supply and erection of new radio towers and associated civil engineering works. The five self-supporting towers with cross arms to provide spacing for antennae and reflector screens will vary in height from 55 metres to 125 metres. Eight rock anchors, some 10 metres long, will be fixed into the basalt rock to secure the reinforced concrete bases of each tower leg. The galvanised rolled-steel angle and flat sections of the tower steel weighing about 600 tonnes will be shipped out from the UK to Ascension Island together with all plant equipment and transport ready for installation in October.

Prison services

BRIGHTSIDE ENVIRONMENTAL ENGINEERING has won five contracts totalling £7.6m. The largest, valued at £4m, has been awarded by Taylor Woodrow (Midlands) for mechanical services at HM Prison, Brinsford near Wolverhampton, being built for the PSA. A second, valued at £2.5m, has been placed by management contractor, R. M. Douglas Construction, on behalf of Ladbroke City and County Land for the "City Plaza" contract in Birmingham. The contract involves installation of the mechanical, electrical and plumbing services at this city centre, retail and office block development. The company has also been awarded two mechanical services contracts, each worth £400,000, to be carried out at RAF Cosford. The first is for Wates Construction which is constructing 15 barrack blocks, and the other is for the PSA for six satellite boiler houses. A further £300,000 order has been awarded by John Laing Construction for mechanical and plumbing installations in the F. W. Woolworth store in Shrewsbury.

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FYRESPAN — a division of Briggs Amasco, a part of the Tarmac Group — has been awarded a contract worth £220,000 for work at one of Britain's biggest privately funded sports centres—the 3,000 spectator John Nike Leisuresport Complex nearing completion in Bracknell. Included in the work is Fyrespan fire-resistant glazing

Seven schemes for new homes

Seven new private residential developments worth more than £24m have been started in the south of England by BALFOUR BEATTY HOMES.

The projects are at Lindford, near Liphook (£1.8m), Chineham, Basingstoke (£7.9m), Winchester (£3.4m), Hailsham, Sussex (£3.2m), St Leonards, north of Hastings (£4m), Catford, London (1.4m) and Camberwell, south east London (£2.6m).

All seven projects are being carried out by the Croydon-based southern region operation of Balfour Beatty Homes, which also has an additional four large private residential developments in the pipeline.

Refurbishment worth £25m

HOLLOWAY WHITE ALLOM, part of John Laing Construction, has been awarded £25m worth of contracts in the first half of 1987. Contracts include the £6.8m conversion of the National Liberal Club as an extension to the Royal Horseguards Thistle Hotel. HWA is carrying out £5m worth of work for a financial client in the City of London, as well as a £7m country house refurbishment in the western home counties. Work started in May on a £500,000 office fit out at Piccadilly, Stretton Street for BET and work has begun on a town house refurbishment close to South Kensington for a European client.

Block of flats in Kensington

A £7m contract to build 80 flats in London W8, has been awarded to TAYLOR WOODROW CONSTRUCTION. The order has been placed by Taylor Woodrow Developments and work on the site of the old Barkers' depository in Pembroke Road has started with completion due in June 1988. The flats will be in a six-storey block with a floor area of 10,500 sq metres. The structure will have a reinforced concrete frame with brick external cladding and a tiled pitched roof.

THE ARTS

Edinburgh Festival

Michael Coveney

Traverse trilogy

The opening of another Edinburgh Festival highlights the continuing diversity and range of work at the Traverse Theatre under Jenny Killick's artistic directorship. The Festival proper has but one new play in its drama programme and that originates from Manchester. There is the occasional new piece around town, in the Assembly Rooms in George Street or at Richard de Marco's, this year in Blackfriars Street off the Royal Mile. But cabaret and cobwebs characterise the bulk of this year's fringe programmes. It is best to start at the Traverse.

The only trouble is that most new plays on the fringe are set in the past. Amy Hardie's *Noah's Wife* is a retelling of the Flood story starting in war-torn Mesopotamia 5,000 years ago. Contemporary by comparison is John Clifford's *Playing With Fire*, set in a Paris crypt during the Hundred Years War as a Faustian feminist searches for the philosopher's stone. We come bang up to date, or at least Nazi Germany, with Manfred Karge's *Man To Man*, a one-woman show translated by Anthony Vivis in which a clown-faced, punk-haired widow of a crane operator assumes her husband's identity and stuffs a rabbit's paw down her knickers in order to swagger and survive like some Brechtian remnant, for instance Mother Courage in the, well yes, Hundred Years War.

Medievalism and Brechtianism are not really what we should expect to find in a crucible of new theatre. *Man To Man*, though, proves raucously uncompromising in its modernism. The monologue, raspingly and enragingly well performed by Tilda Swinton, leaves no room for an audience to manoeuvre its own position. You have to take it on the chin as Miss Swinton stalks her white institutionalised parade ground littered with little bits of audio-technology, old furniture, Christmas trees, a fridge. Bunny Christie's design is a calm white sea dotted with a flotilla of mnemonic mine-sweepers. The actress in hobnail boots and torn at the pits, recounts an astonishing trek through the industrial German wasteland having survived the war by deceit, and a career in plastic and elastic works by default. She now waits to pick up her pension in what she sonorously describes as the Red East.

The play finally exists, though, only in the ferocity of the performance. Unlike Brecht, Mr Karge has no theatrical intention of animating the woman's struggle, but settles for a series of anecdotal statements punctuated with self-immolating gestures—pulverising a wall with ketchup, throwing beer over oneself, stretching a row of mock festive fairy lights across the chaotic white tundra from the fridge — that are pure old-fashioned pop art, and no less welcome for that.

Noah's Wife is equally hard to sit through and even less rewarding. In the manner of extremely verbose plays, it says very little, beyond charting the reluctance of Noah's wife to participate in religious superstition and sexual feudalism. Jenny Killick has assembled a strong black cast in which Wilber J. Johnson is a bruised and baffled Noah, Treva Etienne an impetuous soldier-cum-holy-man, and Decima Francis an elegantly sensual disaffected spouse. Best of all Leo Wringer as the prophetic rainmaker and medicine man known as Giraffe; he gyrates and wheedles his way into the little community like a slinky con-man. Having got her cast on the ark, however, Miss Hardie abandons them to drift out to sea in a very limp second act. It is worth returning after the interval, but only to see how an African shanty town becomes, in Jenny Haag's design, the ark itself, animal cages and living areas all contained within a huge ramped deck that bisects an astonished auditorium.

Such scenic transformations are a perennial Festival pleasure at the Traverse. You return for *Playing with Fire* to find yet another gifted young designer, Paul Brown, having fun. Smoke belches from the stove of Justina the alchemist, the crypt is stacked with shelves, learned tomes and emblematic properties. One wall is enticingly covered with a medieval fresco representing some unattainable garden of delights. Justina (Celia Gore Booth) is disillusioned with science and troubled by mass poverty. Her dull husband (Richard Williams) dreams of what a love potion for all mankind might do. Then out pops Mephisto from the freezing fiery furnace to exchange a block of gold for Justina's signature in blood. The play progresses on a discursive rather than genuinely dramatic plane. Biblical analogies give way to Faustian variations and finally placement of the intellectual themes in a Shavian socio-political debate.

It is an ambitious scheme, and, of Mr Clifford's three plays to date, I found this one the least nobbled by the flights of debilitating whimsy to which he is fatally prone. Miss Killick's cast is not uniformly strong and one feels that David Gant's sleek black devil with his well-tended mane of frizzled grey locks is not given enough good tunes. But with the arrival of Simon Donald's loony monarch, swaddled in white robes and bobbing ridiculously on his knees like an importunate child, we have take off. Or at least, I surmise, one particular take off of Charles VI. That monarch was father to the Dauphin with whom St Joan eventually had her way. And Mr Clifford seems to pre-empt Shaw with a parallel and similar confrontation. "Don't touch me, I'll break," he protests, but Justina leads him gently to inspect the misery on his doorstep as his army sets off to fight for peace and distant oblivion at Agincourt.

Mr Clifford is an infuriating playwright, but an ingenious one. As Miss Killick's chief discovery to date, he embodies the new Traverse policy of a careful, sometimes anaemic, search for contemporary truth through recourse to a remote but cleverly enlivened past. This is a far cry from the full-frontal assault tactics of the Traverse's early days, and may well be a sign, not entirely welcome, of new, more moderate cultural times.

Japanese troupe to stage Macbeth in London

The National Theatre's international season continues in the Lyttleton Theatre on September 17 with a production of *Macbeth* by the Japanese Ninagawa Company, followed by Euripides's *Medea* from the same company in the Olivier on September 24.

Both production—in Japanese, translated by Yushi Odajima and Mutsulo Takahashi respectively—are directed by Yukio Ninagawa with popular Japanese actor Mikijiro Hira playing the title roles.

Architecture/Colin Amery

A noble plan needed for Wren's vision

There are two potent images of St Paul's Cathedral. One is the Canaletto painting in the Royal Collection showing the cathedral and the Thames seen from the terrace of Somerset House. The other is the powerful wartime photograph taken from the rooftop of a building in Fleet Street showing the glorious dome silhouetted against the smoke filled sky of a burning city.

In the Canaletto picture, painted around 1750, the cathedral is seen as Sir Christopher Wren intended. The dome is the triumphant Climax of the procession of spires and towers initiated in the East by the golden flames that spring from the top of the Monument. London, even allowing Canaletto a little artistic licence, was a beautiful city.

We know from Wren's own plan for the rebuilding of the City of London, which he produced in less than a week from the outbreak of the Great Fire in September 1666, that he wanted a city with an hierarchy of radiating streets. He was much influenced by what he had seen in Paris on his visit in 1665 and by his meeting there with the elderly Bernini. In his city plan, which was to be the victim of commercial expediency, he set St Paul's in a piazza with some kind of a giant order of pilasters on the surrounding buildings.

Despite the fact that Wren's grand plan for the whole city was never executed, he did achieve, as Canaletto showed, the magnificent effect of the dome of St Paul's triumphantly erupting from a skyline of spires and towers.

The same dome appeared to triumph over the destroyed city after the Nazi bombings but the second opportunity to provide the cathedral with a noble setting was lost in the post-war reconstruction programme.

The handsome and winning Lord Holford prepared the scheme for the precincts of St Paul's in the 1950s that is more or less what we see today but his was not the only post-war scheme. The Royal Academy Planning Committee, which included eminent academician architects like Lutyens, Giles Scott and Curtis Green, had been working since 1939 "to study the architectural problems which would arise in London after the war."

The Holford plan was a reaction to the almost Albert Speer-like formality of the RA proposals. The aim of his scheme was an English picturesqueness combined with the new wisdom which removed traffic by putting service roads and parking uder a huge concrete podium. To look back at the Holford scheme with its whimsical townscape drawings —endless views of piazzas full of sunshades and people leaning into the wind—created a superficially charming impression. Everyone in the 1950s, fresh from the spiky contemporaneity of the Festival of Britain, was taken in by the plan.

St Paul's from the air shows the Paternoster site to the left of the cathedral—there should be scope for a completely new setting for Wren's masterpiece

Alas, the architecture of the buildings which we see today (by Trehearne and Norman, Preston and Partners) and the miserable quality of the public spaces and the sense of the whole precinct being cut off from St Paul's (mainly because it is elevated above existing street level) make it a very unsuccessful neighbour to the cathedral.

This year has seen the beginnings of a third attempt to improve the setting of St Paul's with the proposed redevelopment of a large part of the Holford precinct to the north-east of the cathedral—the Paternoster Square area between the north side of the cathedral and Newgate Street.

Full of the best intentions, the Paternoster Consortium, consisting of the British Land Company plc, Unilever Superannuation Fund, Barclays Bank Pension Fund and Stockley plc (taken over subsequently by Mountleigh plc) in March 1987 set up an urban design competition for the 4.3 acre site assembled by them.

Seven respected international architectural firms were invited to compete: Arata Isosaki from Japan, Skidmore Owings and Merrill (US); and five British firms—James Stirling, Richard Rogers, Norman Foster, Arup Associates and Richard MacCormac.

Last week it was announced that Arup Associates have been selected to draw up a master plan for the area, a scheme capable of extension to include the offensive Juxon House (which protrudes across the west front of the cathedral) and Sudbury House (the tower block that is particularly damaging to views of the cathedral from the north-west). Neither of the aforementioned blocks belongs to the consortium—as yet. As a member of the jury I cannot discuss the niceties of the extensive consultations that have produced this result, but it is important to point out that further architectural practices will be asked to design elements of the proposals and that there are further crucial consultations that remain to be completed.

Arup Associates are a distinguished British practice and their work in Finsbury Avenue and at Broadgate is much admired. Their task is to both prepare a plan and raise the profile of the debate that is bound to take place around this vitally important site.

It is essential that the City planning processes are supplemented by as informed a debate as possible. The debate has to be about an appropriate setting for a European masterpiece — St Paul's — the setting of which has been progressively suburbanised since the war. The City Corporation have a duty to ensure that the *third* chance to rebuild is not left to the mercy of financiers and speculators. The whole area north and south and east and west of St Paul's should be the focus of an attempt to restore the dignity of the cathedral by surrounding it with buildings and spaces that discreetly complement it. The City should seize the day and make plans to remove the bad architecture of the 1950s and 1960s and gradually develop an architectural programme that in scale and imagination is worthy of Wren. A sensitive plan is only a start; this time there must be a noble conclusion.

Xenakis's Keqrops/Albert Hall

Dominic Gill

Friday's Prom presented an enterprising 20th-century programme, played with uncommon vigour and commitment by the BBC Symphony Orchestra, and condcted with admirable precision, if not with quite same degree of dramatic conviction, by Peter Eotvos. The evening offered two new works: one a long-delayed British première, the other brand new.

The new work, *Keqrops* for piano and orchestra, by Iannis Xenakis, was written last year for performance by the Australian pianist Roger Woodward and the New York Philharmonic. It is Xenakis's third composition for piano with instruments: and like the early *Eonta* in particular (which is still perhaps the best known of all his works for that combination), it is once more an instrumental duel — of characteristically brilliant and incisive ambiguity, and pungent resonance.

The piano first emerges from a massive orchestral cloud to introduce a pounding percussive motive with powerful harmonic implications — unusual departure for Xenakis — which dominates much of the work. Behind it (and sometimes, for fleeting moments, taking the front of stage before it) there are a plenitude of interwoven string figurations — one of the composer's possible given meanings of the title is "weaving." from the Greek *Krekoo* and *Opsis* — punctuated by the nervous and unpredictable baying, like wolves in the night, of brass and reeds.

In ancient Mycenean mythology, Keqrops was also the name of a ruler of double nature, at once man and dragon. The symbol is apt for the violent and uncompromising dialogue which follows: a sequence of electric exchanges shot through with lightning, in which tiny r eminiscences of tenderness, lulls before each storm, are mixed in equal measure with chattering morse-code alarms and incandescent explosions of thunder. Near the end — *Keqrops* lasts only 17 minutes—there is a huge orchestral ritardando which is taken over by the piano for a final descent into the depths. The dedicatee and soloist Roger Woodward was on the vivid and muscular form one remembers from his many (but these days regrettably rare) appearances in London: an impressive performance, done entirely from memory, exquisitely coloured and shaded.

The delayed British "premiere" of Stockhausen's *Spiel*—a very early piece dating from 1952, withdrawn and recently revised — could hardly have provided greater contrast: as formalistic and introverted in its sonority and working as *Keqrops* is instinctive, impulsive and exuberant. It's not, I would guess, a piece to add to the list of Stockhausen's major productions, although it has a certain historical significance as one of the earliest and most rigorously planned examples of the revolutionary but short-lived genre of "static music" which Stockhausen and his teacher Karel Goeyvaerts were proposing in the early 1950s.

To frame their evening the BBCSO gave us Stravinsky's brilliant, sardonic, semi-serial ballet music for *Agon* with splendid virtuosity (one wished only, perhaps a little unkindly, that Eotvos could have achieved as much buoyancy as exactness in his direction of such a wonderfully airborne score); and to finish, a fine account of Harrison Birtwistle's *The Triumph of Time* — that noble, hieratic celebration of orchestral texture which first brought Birtwistle's name before the larger concert-going audience in 1972.

The Wandering Jew/Lyttelton

Martin Hoyle

The National Theatre's new five-hour marathon opens as a scrumptious piece of yarn-spinning. The seven-strong band brings up the restrained excitement of Ilona Sekacz's silent movie-type music; we briefly glimpse two figures yearning in anguish on either side of the Bering Strait, their eternal agony linking Alaska to Siberia, before the narrator whisks us to the Inn of the White Falcon in Leipzig, then to India, where a handsome prince tosses in fitful slumber as a reptilian figure slithers through the dark towards him with a needle . . .

Reader, what is the connection between these figures? Published in 1844/45 in monthly instalments, Eugène Sue's novel uses an epic-romantic - social - melodramatic canvas, full of the coincidences and revelations that draw disparate threads together and recall Dickens. Mike Alfreds's production deploys a company of 17 to portray over 50 characters. He tries to out-Nick the RSC's *Nickleby* by miming invisible swords, letters, documents and food, and ringing minimal variations on the cast's basic costumes: black trousers for the men, period taffeta gowns for the women. The element of conscious theatricality in the Dickens' adaptation, however, here verges on parody, and finally, fatally, though not without entertaining us on the way, undercuts these attitudinising toy - threatre figures, frozen in their melodramatic gestures.

The first part might well make a satisfying 2½-hour play on its own. The 1682 will of a persecuted Huguenot postulates a meeting of his descendants 150 years later. These range from a debauchée in the *vie de Bohème* (roughly contemporary, one realises, with Murger's world, later immortalised by Puccini) to a missionary just returned from America where they still torture European evangelists in the 1830s, taking in an independently-minded young feminist and an ageing marshal of France. These heirs to a by now massive fortune are opposed by the "black silent militia" of the Company of Jesus. Jesuitical practices are temporarily thwarted; and part one ends with the prospect of the heirs getting their, and Mr Alfreds's next, act together for the triumph of virtue, or at least eccentricity.

So far so good. It has dawned on us that the villains are hissable and the goodies not to be taken too seriously. But Act 2 should be made of subtler stuff. when the wicked Rodin (Philip Voss, playing a cross between Richard III and Uriah Heep) manipulates the heirs to destroy themselves. They go down like ninepins, or like the victims in a Jacobean horror-tragedy, but without the purpose or poetry, and the law of diminishing returns is applied with Draconian rigidity.

Ultimately the episodically-structured work lurches, broken-backed, through a predictable catalogue of tragedies. Less gothic than Sue's own *Mysteries of Paris* with its hideous crones and sewer stabbings, the piece is at best a footnote to the current Romantic revival exemplified by *Les Miserables* and *The Phantom of the Opera*. Michelene Wandor's adaptation admirably, and in apt style, highlights moments of intimacy with "thees" and "thous" but fails to paper over the narrative cracks, just as Mr Alfreds fails to breathe life into these tuppence-coloured cut-outs despite the production's energetic attempts to have its cake and gorge it, melodramatically.

Lacking Dickens's hard-nosed journalistic observation, the piece here hangs together only as an exercise in style—and five hours is too long for a drama school exercise. The demands on the actors are epitomised by Nick Dunning who comes to two sticky ends in the first half-hour, as an old horse eaten by a panther in Germany, then as a Dutchman strangled in India. Old associates of the director's Shared Experience company come off best, notably Sian Thomas, the free-thinking belle, whose realisation that she is in a madhouse, as the traverse curtains of Paul Dart's set close in on her and her shadow is thrown, monstrous, behind her, is one of the production's many isolated fine moments. Mark Rylance throws himself into the style with barmy zest, bringing a manic yelp to exclamations as diverse as "An asylum!" and "Salt cod and turnips!"

What of the eponymous Hebrew, dear reader? How does the scornful biblical artisan fit in, let alone Herodias, Salome's mother, as they stalk the world, with particular interest in France? Ms Wandor gives them the last words. "In redeeming me heaven has redeemed all working people," says the Tetrarch's widow improbably. "All women, all slaves," adds the peripatetic Joseph. Though how an evening of gullibility, suicide and sundry idiocies has worked this miracle would need another five hours to explain.

Alastair Muir

Pip Donaghy and Philip Voss

Bells Are Ringing/Cheltenham

B. A. Young

This was a great success in New York in the 1950s, when it ran the best part of three years. In London it played at the Coliseum where it didn't even make 300 nights. There may have been two reasons—first, it is full of New York references in the dialogue that would have been strange to London audiences, and second, the Coliseum must have been too big for what is really an intimate little comedy.

That, at any rate, is how it is played in the far cosier Everyman, Cheltenham, with only eight in the band and eight in the chorus (and most of them given something else to do as well). And there is quite a decent plot, not to mention a sub-plot, a generous allowance for a musical.

Ella Peterson (Lesley Mackie) is a telephone operator for Susanswerphone, one of those places that took messages before they invented answering machines. She is secretly in love with one of her customers, Jeff Moss (Bernard Lloyd) a playwright who, as someone says, plays but doesn't write. When he fails to take an urgent seven o'clock morning call Ella visits him, giving a false name. (He doesn't recognise her voice, because she always takes his calls in the persona of a motherly old lady. Well even scriptwriters, like Betty Comden and Adolph Green, can be allowed an occasional trick).

Jeff is not the only character to whom she appears as a ministering angel. She advises an out-of-work actor on his turnout; and she helps her musical dentist to compose a hit song. All these things turn out well but, meanwhile, a sinister Austrian Sandor (John Levitt), has taken over the phone business as a betting office, and to put it in a nutshell Ella's good heart leads to all the gambling mob being arrested.

There is an occasional spark of real wit in the dialogue, but not very much in the lyrics of the songs, though the tunes are al right. There is plenty of wit in Lesley Mackie's playing of Ella, too.

It is an uphill job, for she has to start as an ordinary shopgirl-character and she wears ordinary shopgirl-type dresses, designed by Glenn Willoughby in correct 1950s fashion, skirts halfway down the calves, but she blossoms into as clever and witty a girl as the script requires and she sings very prettily indeed.

Mr Lloyd, who plays his part as in early middle-age (fashionable in musicals in those days) also sings nicely, and, though his part never takes him into anything but the most well-worn emotions of love and frustration, he makes them seem to matter.

The dancing, choreographed by Kenn Oldfield, is inventive and amusing, and skilfully carried out. There is a permanent set upstage, designed by Donald Crosby, on which the band sits above the actors. The acting area in front of it can be swiftly adapted to be an office, a penthouse, a night club, Central Park, or a subway. The director is John Doyle, who is a great hand at small versions of large musicals and certainly maintains his usual standard here.

Arts Guide

August 7-13

Music

PARIS

Alsfelder Vokalensemble conducted by Wolfgang Helbich: Lassus, Bach (Mon, 8.30pm). Saint-Severin Church.

Eleftheria Kotzia, guitar: One hour with Villa-Lobos (Tue 7pm), Auditorium des Halles.

Gustav Mahler Jugend Orchestra conducted by Claudio Abbado, Maria Joao Pires, piano: Mozart, Mahler (Tue 8.30 pm). Salle Pleyel.

Huguette Dreyfuss and Olivier Baumont, harpsichords: D'Anglebert, Caix d'Hervelois, F Couperin (Wed, 7pm). Concert-Rencontre, Auditorium des Halles.

Orchestre National d'Ile-de-France conducted by Claudio Santoro. Ligeti, Villa-Lobos, Santoro (Thur, 8.30pm). Radio France, Grand Auditorium.

All the above are parts of the Paris Festival Estival (4804 9801).

LONDON

BBC Symphony Orchestra conducted by Mark Elder with Peter Donohoe, piano. Beethoven and world premiere of Nicholas Maw commission. Royal Albert Hall (Mon). (589 8212).

BBC Symphony Orchestra and Chorus and London Philharmonic Choir conducted by Mark Elder: Tippett, Sibelius and Rachmaninov. Royal Albert Hall (Thur).

Oslo Philharmonic Orchestra conducted by Mariss Yansons. Berlioz and Prokofiev. Royal Albert Hall (Tue).

Oslo Philharmonic Orchestra conducted by Mariss Yansons. Shostakovich and Strauss. Royal Albert Hall (Wed).

WASHINGTON

Wolf Trap: Pat Methany Group (Mon). Vienna, Va. (703) 255 1868).

NEW YORK

Mostly Mozart Festival (Avery Fisher Hall): Cleveland Quartet. Horacio Gutierrez piano, Bernard Greenhouse, cello. Mozart, Schubert, Beethoven (Mon); Mostly Mozart Festival Orchestra. George Cleve conducting, Andre Watts piano. W. F. Bach, Handel, Mozart, Rossini (Tue, Wed); Gerard Schwarz conducting, Hei-Kyung Hong soprano, Gail Dobish soprano, Kaaren Erickson soprano, Jerry Hadley tenor, Michael Myers tenor. Mozart (Thur). Lincoln Center (874 2424).

Tanglewood: Emanuel Ax piano, Yo-Yo Ma cello. Strauss, Schumann, Rachmaninoff (Thur). Lenox, Mass (413) 637 1666.

CHICAGO

Ravinia Festival: London Symphony. Michael Tilson Thomas conducting. Alicia de Larrocha piano. Berlioz, Mozart, Tchaikovsky (Wed); Chicago Symphony. Leon Fleisher conducting, Katherine Jacobson piano. Stravinsky, Hindemith, Rachmaninoff (Wed); London Symphony. Michael Tilson Thomas conducting, Nadja Salerno-Sonnenberg violin. Mendelssohn, Bruch, Dvořák (Thur). Highland Park (728 4642).

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

The Immigrant: A Hamilton County Album (Arena): An immigrant in Texas at the turn of the century conveys the warmth and quirkiness of autobiography in Mark Harelik's play based on his grandfather's experiences. Ends Aug 16. (488 3300).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

FINANCIAL TIMES
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Monday August 10 1987

Progress in Guatemala

THERE IS much to admire in the Central American "peace" initiative agreed by five of the region's presidents in Guatemala on Friday. But, as reactions in the US and Nicaragua over the weekend demonstrated, a lot of concessions are going to have to be made for it to bear fruit.

The agreement itself had been preceded by a proposal from President Reagan offering to withold US military backing for the Contra rebels in Nicaragua if the regime in Managua agreed to negotiate a reconciliation with its internal opponents by the end of next month. But the Washington waters were further muddied when it became apparent that Mr Jim Wright, the influential Democratic Speaker of the House of Representatives, had been conducting some independent diplomacy of his own, working closely with the Central American presidents and, to a degree, with the White House.

The indigenous initiative is, on balance, preferable on several counts to that advanced by Mr Reagan. It is regional in scope, seeking to end strife in El Salvador as well as Nicaragua and to settle disputes between Nicaragua and its immediate neighbours, such as Costa Rica and Honduras. Recognising the problems of reconciliation, it gives the nations concerned more time to resolve issues than the 60-day ultimatum the US had presented Nicaragua. It is trying to extract an agreement limiting the import of weapons into the whole region, from all sources.

Beleaguered assistant

The problem with the Reagan initiative had been with its intent more than its content. Though it contained a pledge to negotiate with Nicaragua on certain terms—a development to be encouraged—it also seemed a device to increase the chances of winning more Congressional aid for the Contra rebels by imposing a deadline coincidental with a request to Congress for more funds.

Over the past six years, the US President's track record on Central America has been nothing if not consistent. He and his advisers have always preferred the Contra option as a means either to beat the Marxist-oriented regime in Nicaragua into concessions, or to remove it from the scene altogether. Throughout the long Irangate hearings, none of the principal Administration witnesses deviated from the view that the US had to continue its support for the Contras. This was particularly true of Mr George Shultz, the Secretary of State, and his beleaguered regional assistant, Mr Elliott Abrams. Both at the weekend reiterated their faith in the Contras, as did Mr Reagan himself; and the Contra leadership was far from enthusiastic about the Guatemala agreement.

Mr Wright's role in the affair underlines the genuine divisions in political Washington over what should be the proper US policy in Central America. This has never been a simple left-right split, with overtones of retrospection about the war in Vietnam. Some prominent progressive Democrats, such as Senator Bradley of New Jersey, and Congressman Aspin of Wisconsin, voted for Contra aid in the past, largely on the grounds that the US should not be left entirely toothless in Central America irrespective of the correctness of the Administration's policy.

Important step

The Contras themselves, a motley crew largely devoid of policies and without much inherent claim to legitimacy inside Nicaragua, are certainly not seen by many Congressmen as the "freedom fighters" for democracy of Mr Reagan's imagination. But there is equally little admiration for President Daniel Ortega's Government, with its scant regard for civil liberties and its apparent desire to flex its regional muscles.

The Irangate fiasco almost certainly has, for the moment, reduced the chances of more Congressional funding for the Contras, but not necessarily for ever.

Attention will now be focused on President Reagan's speech on Wednesday, when he has promised to reflect on the Irangate affair and to look forward to the remaining months of his term. It is to be hoped that he will find a way to endorse without too many qualifications, the important step forward that was accomplished in Guatemala City.

Union power in S Africa

THE ANNUAL confrontation between South Africa's National Union of Mineworkers and the employers' organisation, the Chamber of Mines, has taken on the air of a ritual. The union pitches its wage claims unrealistically high, the chamber keeps a few per cent up its sleeve when making the opening offer and after further rounds of talks the two parties emerge with a settlement.

This year, however, there are more reasons for treating seriously the workers' threat to strike from last night at many gold and coal mines, which are part of an industry accounting for about half the country's export earnings. The union has prepared the ground carefully and is better organised than in the past. But there is a further unpredictable factor: the increasing tendency of unions in South Africa to play a political role.

On the face of it, the threat by some 200,000 black mineworkers may fit into the pattern of the past. The union has claimed increases across the board of 30 per cent. The Chamber has unilaterally implemented a rise of between 17 per cent and 23 per cent from July 1. The union's other demands include an increase in annual leave from 18 days to 30, larger death benefits (more than 600 men died in accidents in South African mines last year) and other improvements in working conditions. These issues are as important to the NUM as the pay claim itself. Nevertheless, the gap would seem to be bridgeable, as it was in 1985 and 1986.

Fundamental change

Yet each year the context of the dispute changes, making confrontation more rather than less likely. The union itself has been growing in strength and experience since its formation in 1982, with membership rising from less than 20,000 to about 40 per cent of the 500,000 workforce in the gold and coal mines.

This growth is part of a remarkable surge in the trade union movement as a whole, in part due to the liberalising impact of the implementation of the Wiehahn Report in 1979 which for the first time conceded to black labour the right to collective bargaining.

Spearheading development today is the Congress of South African Trade Unions, the country's largest federation of unions with a membership of more than 700,000 and to which the NUM is affiliated. Since its formation 20 months ago, Cosatu has steadily shifted from covert political concerns to an outright espousal of a programme of fundamental change. This shift culminated in last month's formal adoption of the Freedom Charter, the platform of the banned African National Congress.

This politicisation of Cosatu and its affiliated unions is not surprising given that alternative channels for the expression of black demands are closed or impeded. Apart from the ban on the ANC, most of the leadership of the country's largest legal anti-apartheid coalition, the United Democratic Front, has been rounded up by the authorities.

Troubled background

Cosatu has also run foul of Pretoria. Thousands of trade unionists were among those arrested under the state of emergency — although many have been released. The federation has been harassed in other ways. In May, Cosatu's Johannesburg offices were severely damaged by a bomb planted by an unknown party. Yet, as a series of strikes this year has shown, black workers continue to flex their muscles. Official figures show that days lost over labour disputes in 1986 were the highest ever. This year has already seen two major strikes at OK Bazaars, one of the country's biggest retail chains, and at the state owned South African Transport Services, while black protest against the whites only election on May 6 was marked by a two-day "stay-away" of 500,000 workers.

It is against this troubled background that the NUM has made its strike threat. The union is vulnerable to tough measures by government or employers. Its membership is high in some mines, low in others. Many workers are migrants, liable to be sent back home. These and other factors may make the union leaders think again. But as the black unions begin to flex their political muscles, the outcome of these regular confrontations becomes increasingly uncertain.

The European economy

An old and so familiar malaise

By Michael Prowse

DISMAL SEEMS about the only word to describe the European Community's economic outlook. After a lacklustre first half, growth is unlikely to exceed 2 per cent this year and will certainly be insufficient to make inroads into unemployment which is running at almost 12 per cent. Indeed, far from planning ways of cutting dole queues, some EC countries are already beginning to worry about a resurgence of inflation. At any rate, this is now the focus of financial markets.

Inflation worries have provoked a one percentage point rise in Britain's already high interest rates and somewhat tarnished its image as the golden boy of Europe. The OECD's latest report on the UK, released at the weekend, may further dampen spirits: it predicts a sharp slowdown in growth by the second half of 1988, accompanied by high wage inflation and a deteriorating current account.

France and West Germany are also in trouble, even if industrial confidence has revived somewhat from its low ebb in the spring. Last month, Insee, France's national statistics institute, forecast growth of only 1.3 per cent, rising inflation, increasing unemployment and the elimination of last year's current account surplus. National concern about poor economic performance is mirrored in opinion polls showing that two thirds of the population believe France is a country in "economic decline."

There is more complacency in West Germany, perhaps because inflation is still low (even by Bonn's standards) and the trade account in huge surplus; but the underlying growth performance is no better than that of France. Last week, the Economics Ministry attempted to bolster confidence, just as it did in the summer of 1986. It is arguing that the "growth dent" of the first quarter (a euphemism for contracting output) was only a temporary setback.

Perhaps, but unemployment is still rising and industrial orders falling. Neither the OECD nor the European Commission expects growth this year of more than a very disappointing 1.5 per cent. Some private sector forecasters are more gloomy. A significant recovery in 1988 cannot be taken for granted, not least because domestic politicians are doubtful whether tax cuts can be "afforded" against a backdrop of a rising public sector deficit.

Many of the smaller European economies are weak, to put it mildly. Real GNP, for example, is expected to decline in both Denmark and Greece this year. Indeed, the EC's average growth rate would be well below 2 per cent but for the surprisingly robust performance of the UK and the three "sunbelt" economies of Italy, Spain and Portugal. All four are expected to grow by about 3 per cent in 1987. The growth in Spain and Portugal is particularly gratifying because it appears to be driven by a surge of fixed investment. In Italy, however, as in the UK, rapid expansion of credit and worries about trade are casting shadows.

If Europe had enjoyed a strong cyclical recovery from the recession of the early 1980s, the present poor economic outlook in most countries might not matter a great deal. Unfortunately, it has not. Indeed, the relative economic decline of Europe in the 1980s is now a well documented (if poorly understood) phenomenon. The truth is that, whether in terms of growth, jobs or inflation, Europe has been consistently outperformed by both the US and Japan.

In Japan and the US, real GNP has expanded by about 33 per cent and 17 per cent respectively in the past eight years. By contrast, as shown on the chart, in the European countries monitored by the OECD (the EC countries plus Scandanavia, Switzerland and Austria) output has grown only by about 12 per cent. In net terms, the European countries have created virtually no new jobs over the period and have been less successful in controlling inflation.

Yet Europe has not always been such a poor performer. It has rarely matched Japan's growth rate, but, until the 1980s, it grew consistently more rapidly than the US. It also had a record of lower unemployment: between 1972 and 1978, for example, the EC jobless rate averaged 4 per cent against 6.4 per cent in the US. Unemployment is now higher than in the US in every member country (except tiny Luxembourg) and on average almost twice as high.

Why has the EC gone into a relative decline and what can be done to revive it?

There are two competing explanations. The first emphasises supply factors and argues that the poor performance in the 1980s is the price paid for post-war social and economic policies that smothered entrepreneurship and undermined market forces. On this view, growth has been slow because politicians have lacked the courage either to sweep aside structural rigidities or cut Big Government down to size. The EC is suffering slow growth because its markets are still more scelerotic than those elsewhere and because government spending and taxation are still too high.

The alternative explanation concentrates more on demand factors and argues that macroeconomic policies in many EC countries—and most particularly in the linchpin economy of West Germany—have been excessively restrictive. According to this view, EC governments need to co-ordinate their policies better in order to be able to engineer a concerted reflation of demand.

Few economists doubt that rigid markets can impair growth prospects. What is questionable is the quantitative importance of such factors. Europe has been less entrepreneurial and more heavily regulated than, say, the US throughout the post-war period. How then was it able to grow faster and maintain lower unemployment until the late 1970s?

The rigid market school has also got to explain why the jobs outlook remains so poor in spite of the supply side reforms of the 1980s. In its mid-year economic assessment, the European Commission argued that "considerable progress" had been made in improving supply conditions and the "adaptability of markets". Indeed, it points out that more employment is associated with a given amount of growth than in the 1960s.

Two decades ago, it says, growth of 4.8 per cent a year was needed to increase employment by 0.2 per cent a year. But between 1984 and 1986 annual growth of 2.4 per cent produced a rise in employment of 0.4 per cent a year. In other words, half the growth resulted in twice as rapid an increase in employment.

Some of the new jobs, of course, are part-time; all the same, these figures do not indicate that the microeconomic obstacles to employment have increased since the 1960s. On the contrary, they imply that supply side reforms have been extremely successful. The EC appears to be relatively efficient at translating a given amount of growth into jobs. Its problem is that it is not generating enough growth to clear away the backlog of unemployment built up in the first half of the 1980s.

This is where arguments about deficient demand become relevant. As the Commission has argued, "the progressive weakening of final demand in the Community leaves it bogged down on a low growth path. Low growth increases the dangers of returning to a budgetary vicious circle, with the room for manoeuvre created by control of current expenditure being wiped out by a weak increase in receipts." This is a message that seems tailor-made for West Germany's finance ministry.

Like Japan, the EC has relied excessively on foreign demand (particularly from the US) to boost growth. In 1984 and 1985, EC exports (excluding intra-Community trade) grew by 7.5 per cent and 4.4 per cent in real terms. But the slowdown in growth in the US and the appreciation of EMS currencies against the dollar has removed this stimulus. Extra-Community exports fell by 6 per cent in 1986 and are expected to fall further this year.

In weighing up the arguments for new policies, perhaps continental Europe has something to learn from the UK. Britain has not, as the OECD makes clear in its recent report, outperformed its EC partners if 1979 is taken as the base for comparison. But it has undoubtedly done better since about 1982. The reason for this is not wholly clear.

The Thatcher Government would want to stress its microeconomic achievements. No other European country, for example, has come anywhere close to privatising a third of its state sector, although France is beginning to climb on this bandwagon. Privatisation, even where it has not resulted in more competition, may have improved profitability and efficiency in the short run.

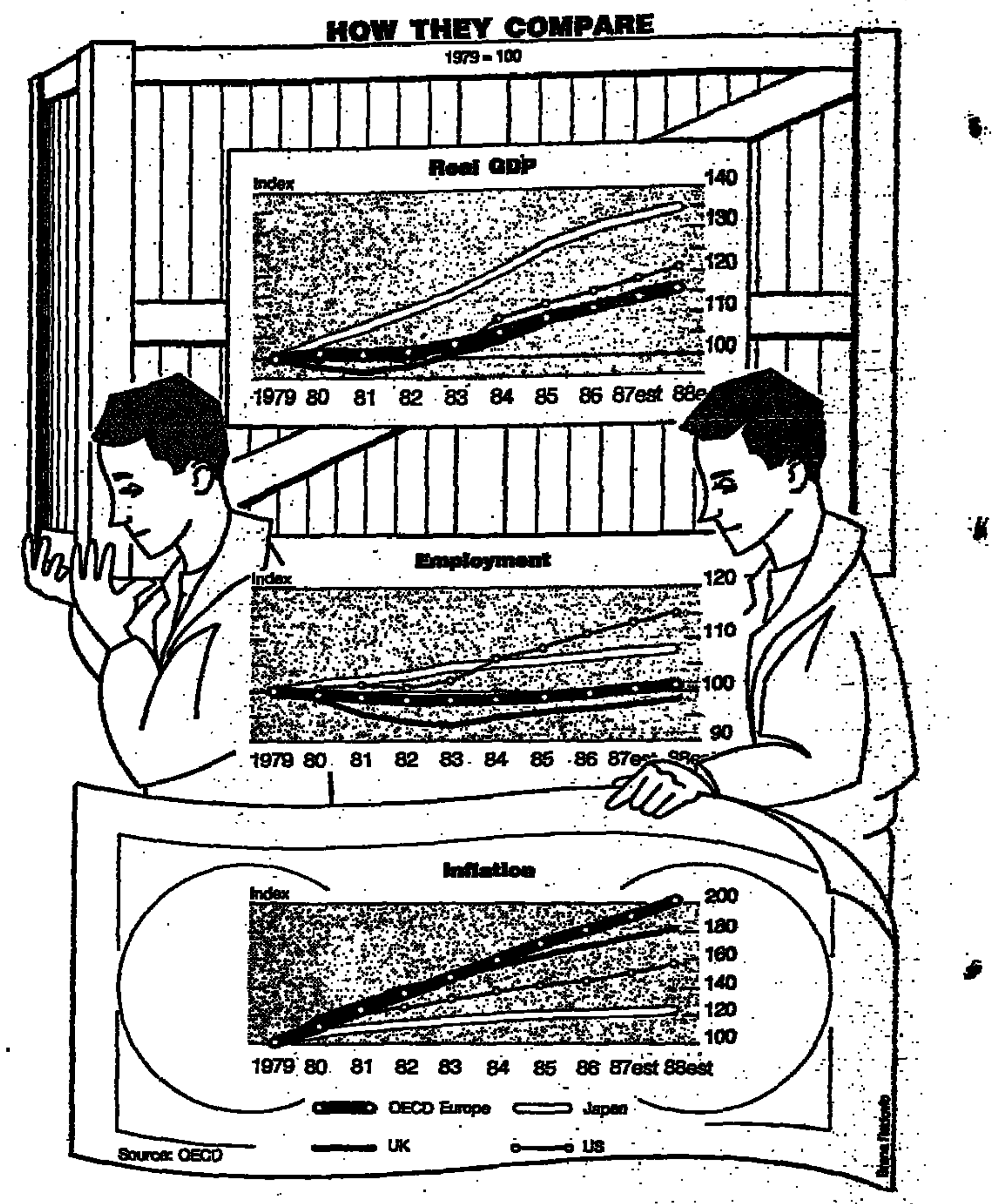
By European standards, the UK also has quite a good record on tax cuts, tax reform and the curtailment of industrial subsidies. In addition, it has scaled back the generosity of social security benefits more ruthlessly than some other EC countries and perhaps striven harder to inculcate more positive attitudes to entrepreneurship.

Britain's surprisingly pragmatic macroeconomic policy, however, has almost certainly been more important (together with the fact that the UK has had a lot of catching up to do). The Government has talked about the total elimination of inflation, but unlike West Germany, has not seriously tried to achieve it. It has not imposed anything like so severe a fiscal squeeze as the Bonn government, whatever the crude PSBR figures may suggest. West Germany would be enjoying considerably faster growth if, like the UK, it had opted to keep general government borrowing at around 3 per cent of GNP. Free from the strait-jacket of the EMS, Britain has also been able to maintain a more competitive exchange rate than some of the smaller EC countries.

The message from the UK is that the "two-handed" growth strategy so beloved of officials in Brussels (the combination of supply side reforms and looser macro policies) could put Europe on a faster growth path. The fact that Britain is showing early signs of running into inflation and trade constraints does not suggest that more austerity at the EC level is appropriate. The UK is merely feeling the pressures of any smallish country that expands faster than its neighbours.

Policies to tackle the Euro malaise of slow growth and 12 per cent unemployment, however, are unlikely to work unless they fully recognise the diversity of the EC. There is no point advocating fiscal reflation in countries such as Ireland, Greece or Italy, where public sector deficits are still enormous. Such countries need to concentrate on getting rid of rigidities and improving their supply response.

The responsibility for faster growth must lie primarily with the richer EC countries and in particular those with low inflation and low budget deficits. West Germany, quite obviously, has the greatest scope to boost domestic demand. But others, too, could strive harder to match the recent growth rates of the UK and Italy. As the largest trading bloc in the world, the EC has nobody but itself to blame for its high unemployment and sluggish growth. Since members trade so heavily with each other, the bloc as a whole could undoubtedly grow much faster without running into balance of payments or inflation constraints. All that seems lacking is the political will.



Men and Matters

LISBON, August 9

Hands across the peninsula

Joining the European Community put Portugal and Spain into a working partnership for the first time in their history. Neighbours on a peninsula which Spain dominates, they have paid little attention to each other this century.

In Portugal's case the back-to-back rather than face-to-face relationship had historic roots: the Portuguese psyche has never recovered from annexation by the Spanish between 1580 and 1640. Friendly Spanish gestures are still viewed with suspicions that behind them lie the old conquistador urges.

So when the Spaniards suggested that a good way to get to know—and understand—each other better was to promote exchange visits between young Portuguese and young Spaniards, Portuguese officials spurned the offer. It might have helped: in the early days of the EC: France and Germany, once mortal enemies, arranged such exchanges with success.

Meanwhile another kind of exchange is thriving. Spanish tourists pour across the Portuguese frontiers in droves: more than 14m are expected this year—nearly one and a half times Portugal's population.

Sorry, Columbus

Portugal discovered almost everywhere in the world for Europe, between the early fifteenth and mid-sixteenth centuries.

It is rankling a little, therefore, that the great celebrations that are being put together in the Old and New Worlds for 1992 are destined to fete that Genovese protegé of Spain, Christopher Columbus, and as Portuguese scholars tartly put it "his landing in the Bahamas."

Neatly timed to coincide with the start of Portuguese celebrations of Portugal's discoveries—of India, China, Japan, Brazil and the icy wastes of the North Atlantic like Newfoundland, and to remind the world and Portuguese (who tend to downplay their own historic achievements) that a Portuguese navigator first sailed around the globe—comes a paper from a Rhode Island-based Portuguese scholar, Professor Manuel da Silvaira, insisting that Portugal got to North America long before anyone had heard of Christopher Columbus, the Nina, Pinta or Santa Maria.

Basing his assertions on a chart drawn up in 1424 by a Venetian cartographer which shows a group of "antilles," Silvaira claims that these islands are Newfoundland and Nova Scotia, first reached by Portuguese seamen well before 1424.

So move over, Christopher Columbus. As far as Silvaira is concerned the Portuguese should also be given credit for first landing in what is now the US—namely at the mouth of the Taunton River in Rhode Island where a Portuguese navigator, Miguel Corte Real, made an inscription on a rock in 1511.

Re-discovery

Like it or not, the Portuguese admit that Columbus sailed the ocean blue in 1492 and that Spain plans giant celebrations in Seville in 1992. But the admission does not mean dropping off the discoveries map.

Far from it. Portuguese officials and American entrepreneurs have a $70m trump card up their sleeve which they intend to flash in 1990, two years before Spain's maxi-festivities. It is called Lusolandia "Edge of the World," a gigantic theme park planned for the outskirts of Lisbon.

Lusolandia will be dedicated to the Portuguese discoveries. Visitors will be "discoverers for a day," plunging back into re-creations of 15th and 16th century Portugal and of the

"Well, I bet Doctor Owen would be interested to know about an alliance that has lasted since 1386"

African, Oriental and New World mysteries that Portuguese navigators first unveiled.

It began when Mario Soares, former Prime Minister, tried to woo a Disneyland to Portugal, in the hope of revamping the country's image as a tourist attraction. Disney Enterprises was not interested.

But an American diplomat turned businessman, Edward R. M. Kane, living in Lisbon, an enthusiast for Portugal and one of the people Soares lobbied in his drive to get Disney to Portugal, thought of something. "Why harp on a Disneyland when Portugal had its own obvious, colourful and attractive theme right under its nose — the Discoveries"— Kane said.

The idea took off. Management Resources of California, a group of former Disneyland employees and designers, loved the idea of a Discoveries theme park. A feasibility study was made with a grant from the Luso-American Development Foundation.

The Portuguese government—another government now, headed by Prof Anibal Cavaco Silva—got as bright a gleam in its eye as did the administration of Soares, not only because Lusolandia could draw tourists but because it could remind the Portuguese of their golden age.

Purchase of 350 acres of land with good access to roads, trains and bus routes is almost complete.

Building is due to start in January 1988 and all being well Portugal's "Edge of the World" will be welcoming visitors two years before Seville celebrates Columbus.

All is forgiven

One of the lands Portugal discovered and eventually settled was Angola. Rich in coffee, ore and above all diamonds, Angola was the jewel in the Portuguese colonial empire.

The wind of change blew ferociously. Angola and Portugal severed their ties in 1975. In one fell swoop the diamond mines were nationalised and thousands of Portuguese shareholders in Diamang, the corporation that ran the mines, dispossessed.

They went into other fields—farming and mushrooms in Portugal. Angola ran its mines and lost fortunes: production dropped by two-thirds, thefts of diamonds multiplied.

History does not stand still. Severed ties are sometimes delicately restitched. This summer, the Angolan Government and Sociedade Portuguesa de Emprendimentos—the group of thousands of former Diamang shareholders—have signed a major agreement whereby the formerly-dispossessed shareholders of the old Diamang provide training facilities and technical advice for Angolan diamond mine operations.

Quietly, the hatchet was buried. The Angolans needed the fruit of Portuguese experience and 12 years has been long enough for post-decolonisation tensions to be assuaged.

Observer

PROTEST IN PANAMA

The grumbling revolution

By Robert Graham

AT MIDDAY the centre of Panama explodes in a cacophony of car horns. From balconies or windows of the glass office blocks, people toss tickertape and rolls of toilet paper that slowly drift to the ground in the airless tropical heat. Passengers in cars wave white handkerchiefs or white flags and, from the street, the occasional white balloon is released.

White is the adopted colour of the protest movement, which has sprung up in the past two months campaigning to remove Panama's military strongman and ruler General Manuel Antonio (Tony) Noriega. This midday protest is about the *only* demonstration Gen Noriega is prepared to tolerate from the loosely-grouped opposition movement, the Civilian Crusade.

The unusual aspect of the protest is that it has sprung up spontaneously, outside any political party and from the normally tranquil middle class. Panama's 2.1m population contains proportionately one of the largest middle classes in Latin America. Its members are frustrated at the monopoly of power by the military and stress the need to end corruption in government and establish democracy—something the country has never enjoyed.

Serious signs of opposition are being stamped out with increasing ruthlessness. Panama now has no opposition media and arrest warrants are out for five leaders of the protest movement. Meanwhile, intimidation is being practised by the authorities in countless ways—anonymous threatening phone calls, businessmen losing commercial licences, workers losing jobs.

Gen Noriega, 48, is determined to stay in power. The protesters, persecuted and at times outmanoeuvred, are equally adamant: Noriega must go. "We will go on demonstrating and will not be intimidated. We will not stop until Noriega goes," Mr Aurelio Barria, president of the Chamber of Commerce said on Wednesday, just before going underground because of an arrest warrant against him for subversion.

Gen Noriega is getting tougher, sensing that the upsurge might be wavering. However, both sides seem intent on slugging it out to the end. Bank buildings, office blocks, jewellery shops and department stores in the centre of Panama either have boards or metal grilles over ground floor windows. The merchant community, at least, is taking a long and cautious view of the trouble.

Panama has never experienced such persistent protest. "We are not used to seeing such tensions in society," admits Mr Ricaurte Vasquez, Minister of Planning. The danger is that it could cause irreparable damage to Panama's status as a regional banking and financial services centre.

The cumulative effect of two months of street demonstrations and political uncertainty has been a sharp reduction in Government revenues and a two-thirds drop in business activity; business confidence has begun to be affected. *Foreign* bankers talk privately of the outflow of between 8 and 10 per cent of the banking system's \$32bn (£20bn) local and offshore deposits—mostly to the Bahamas and Cayman Islands.

Middle class affluence has grown up round the 50-mile canal, feeding off the US presence and, since the 1960s, benefiting from Panama establishing itself as a regional service centre. US activities in the canal area pump in \$520m a year and are a significant factor behind the average per capita income of \$2,200—high in regional terms.

So far the canal has not been a serious issue in the political conflict. According to Mr Dennis McAuliffe, the US administrator for the Canal Commission, "ever since the protest movement began, the canal has functioned normally." But this week the commission warned workers against absenting themselves.

The US, which jointly controls the waterway by treaty *until 1999 and has 9,000 troops* stationed in the canal zone, has abandoned any pretence at neutrality in Panamanian politics. The State Department has endorsed the demands of the Civilian Crusade. The limited American aid package to Panama has been suspended and a series of officially sponsored leaks from Washington have tried to discredit Gen Noriega by alleging his involvement in corruption and drugs-related offences.

This has been countered by an officially sponsored anti-American campaign, accusing Washington of seeking to take advantage of the troubles to ensure control of the canal beyond the year 2000, but this has found little echo.

The growing antagonism between the Noriega camp and the US will have serious implications if the General wins out against the opposition. The US relies on Panamanian co-operation for the smooth use of military facilities related to the southern command headquartered in the canal zone. Gen Noriega has been privy to sensitive information, because *Panama acts as an important* point of contact for many covert activities in the region.

Panama: serious signs of protest are being stamped out with increasing ruthlessness

Unlike the Philippines or Haiti, the Panama Government is backed by a well organised party, the PRD (Revolutionary Democratic Party). This embraces the populist nationalism of the late General Omar Torrijos, who negotiated the 1977 Canal Treaty, which scaled down the US presence and provided greater sovereignty.

Government supporters claim the protest movement has no policies different from the present Administration and merely wants a bigger slice of the financial cake. The latter point has been stressed in an effort to bolster working-class loyalty.

However, Gen Noriega has underestimated the anger provoked by continuing military rule. And the opposition's push for clear government and democracy has attracted some of the traditional working-class support normally consigned to the PRD.

Meanwhile, the opposition parties, of which the largest is the Christian Democrats, are backing the crusade. But they have been careful not to put their organisation in the firing line.

Downgrading the military's role will not be easy. Its position has partly evolved from the way the US has guaranteed Panama's security — until the advent of the late General Torrijos, Panama was effectively run as an American satellite, complete with a dollar economy.

The 15,000-strong defence forces were originally no more than a police force. Having no real military function, they had plenty of time to turn to business and politics. Gen Noriega assumed command of the defence forces in 1983. Although hiding behind the formal power of an elected president, he has not hesitated to manipulate the civilian authorities to his own ends and promote a personality cult. One of the books on display at the moment is a series of his "thoughts," which reveal he has little time for democracy.

The accusations against him are damaging—that he rigged the 1984 elections, denying victory to the veteran Christian Democrat politician, Mr Arnulfo Arias, in favour of his candidate, Mr Nicholas Ardito Barletta; that forced Mr Barletta to step down a year later; that he installed in the presidency, uninvited, Mr Eric Arturo Delvalle; that he has allowed military corruption to extend to all areas of the economy — the \$4.2bn trade of the Free Zone, banking, property, gun running and drugs. Panama's offshore banking system, with tight secrecy laws, and tax-haven status have proved an ideal cover for the military.

Gen Noriega is further accused of being responsible for the assassination of a prominent opposition figure, Mr Hugo Spadafora, whose decapitated body was found near the Costa Rican border two years ago.

The allegations were given an unexpected edge in June when Colonel Roberto Diaz Herrera, ousted from the number-two position in the defence forces, made public accusations. No member of the military had previously gone against a fellow officer, let alone tried to pin crimes on Gen Noriega. Col Herrera even alleged that Gen Noriega was involved in the plane crash which killed the late Gen Torrijos. The Colonel went to prison for his outburst, but nevertheless provided the catalyst for the protest movement.

Gen Noriega seems confident of being able to ride out the storm. He is unlikely to step down voluntarily. If he were to do so it would mean the military conceding that civilians have ultimate power over the defence forces, and this could spell the end of their privileged position. Thus Gen Noriega and the 18 colonels in the High Command have a strong interest in sticking together.

The situation is further complicated because the President is a Noriega appointment. If the General were to go, then so would Mr Delvalle. But if the President went who would supervise new elections?

In the past week, moderates on both sides proposed a timetable for Gen. Noriega's withdrawal, to coincide with the 1989 presidential elections. However, these informal soundings have foundered.

The one element likely to force a change is the economic situation. Panama has no central bank, using the dollar as currency, and therefore cannot print money. The fiscal deficit for 1987 was originally projected as \$140m, but is likely to be \$300m. This can only be covered through borrowing—likely to prove difficult in the circumstances.

The authorities rule out any move to suspend annual debt service payments of \$750m. Such a move, it is argued, would deeply wound Panama's image as a financial centre.

More immediately funds are being withdrawn from domestic banks. At least four Panamanian banks are known to be under serious pressure. The closure of one of these would trigger a serious loss of confidence, and be tangible evidence of the damaging effect of the protest movement.

Lombard

A tale of two pay increases

By David Brindle

IT SO happened that two groups of UK public sector workers had their pay rises determined on the same day in London recently. But there the similarities ended.

At Caxton House, the Employment Department's commodious headquarters a stone's throw from St James's Park, the clock struck 11 am and it was officially announced that the latest figure for the underlying increase in average earnings was 7.75 per cent. Automatically, 140,000 police officers knew they would receive *exactly that increase in their* salaries from September 1.

Meanwhile, at Hannibal House, one of the Department of Health and Social Security's soulless headquarters tower blocks across the Thames at down-at-heel Elephant and Castle, trade union negotiators were struggling to get an improvement in a 4 per cent offer for 250,000 hospital ancillary workers, who were due for an increase last April 1.

By the afternoon, the offer had been hoisted to 4.5 per cent. By the evening, it had inched to a "final" 5 per cent —£4 a week extra for most staff, £5 for supervisors—producing new weekly pay rates of between £81.13 and £106.75 for 40 hours.

Annually, that works out at between £4,218 and £5,551. On appointment, a police constable younger than 21 will, from September, earn a basic £8,352: after 15 years, he or she will earn £13,938. All police officers also receive a tax-free housing allowance of between £1,011 and £2,874.

This is not to say that the police are overpaid. The bargain they strike with society, that they do not and will not take industrial action, surely entitles them to the protection of some form of pay indexation, although the regularity with which their present system produces rises of 7.5 per cent or more does nothing to assuage other workers' expectations.

No, the fair treatment accorded the police only throws into sharper relief the lot of the hospital ancillaries—porters, domestics, kitchen and laundry staff and so on—who have felt the rough edge of the Government's policies more than any other group of workers.

Since 1983, many ancillaries have had to take a substantial drop in earnings just to keep their jobs. Compulsory competitive tendering for hospital cleaning, catering and laundry has commonly led to the cutting or scrapping of bonuses, weekend premium payments, sickness and maternity benefits. Basic pay rates have so far been observed by most private contractors, but are unlikely to survive the coming repeat round of tendering.

On top of this—and largely because of it—the ancillaries have been in no mood or shape to resist a succession of low pay settlements that has pushed them to the bottom of the wages league.

According to unpublished DHSS figures, average total earnings of ancillaries before this year's offer were £116.67 a week, made up of £81.72 basic pay, overtime, weekend premium, bonus, shift and other allowances. From this, the unions estimate that a quarter of male ancillaries and half the women were earning less than £110 a week gross. Mean earnings for all male manual workers last year were £174.40.

But if the average figures are stark, the individual cases are starker. There is the porter at St Albans City Hospital, Herts, working a week of six nine-hour nights for £191 gross, £137 take-home, who completed the "clothing" section of a union questionnaire: "Bought at Oxfam or other second hand."

Or there is the domestic assistant ("single person, aged 56") at Dewsbury General Hospital, West Yorkshire, earning £57 gross, £49.99 take-home, for 30 hours. *Her or his weekly* outgoings, carefully itemised on the questionnaire, amounted to £44.83. "Drink and tobacco" was "nil," but so were "clothing" and "transport."

Most doctors consider ancillaries to be an integral, valued part of the hospital care team. So, too, do nurses, who are an average 9.5 per cent better off after the Government honoured in full a pay review body recommendation earlier this year. And there, it seems, is the rub.

For while the police and firefighters have their indexation, the nurses, doctors and now the teachers their review bodies, the public sector's poorest relations are exposed to the harshest of pay regimes. They must look at their relatively cosseted colleagues and wonder why.

Letters to the Editor

The role of Pay-TV

From the Managing Director, BBC Radio

Sir,—Samuel Brittan (August 6) presses too hard his "clear-cut case for Pay-TV." No one seriously disputes a growing role for Pay-TV, as a natural on-air extension of what already happens in video stores. The key question is whether such a funding system can or should become central, or whether it will remain supplementary—to advertising and to licence fee monies.

Charles Johnscher's CSP report to the Home Office gives the answer "supplementary," adding that on grounds of general consumer welfare new needs might be better and more easily served simply by putting up the licence fee. It is a little swift of Mr Brittan to by-pass this point, purely on the grounds that the pegged and indexed licence fee is now a "political fact." Political facts change: indexation starts next spring but initially for three years only; the way is wide open thereafter for new political facts, and for argument *about them*.

The argument for seeking to re-introduce creative buoyancy back into the licence fee is at root an argument about efficiency. Behind the rude mechanics of advertising and of the licence fee, lies a market which in terms of programmes and programme choice is open, free and sophisticated. We can and do switch off or switch over; and to the tune of three hours or more a day we also switch "on." Customers needs, in *other words*, are being met. Would the application of High Street item-by-item payment conventions add to the openness and sophistication of the existing system, or might it in practice lead to serious instances of market failure, as viewers and listeners find their range of appetites being less well addressed? This is the core of the matter. Samuel Brittan and the Peacock committee saw advantage in a general changeover: Charles Johnscher fears serious malfunction. So do I, which is why I continue to *argue against the short-sightedness* of freezing the licence fee in real terms, at a time when consumer demand is booming and unsatisfied.

Incidentally is this also the first time Samuel Brittan has spoken of the Reithian Left? I thought the trouble with Reithians was that they stood for unbudgeable and stultifying conservatism, or so it is claimed.

Brian Wenham,
Broadcasting House, W1.

Backed by cable

From the Director, Cable TV Association

Sir,—Evidently Samuel Brittan (August 6) is not aware that the cable television industry came out in strong support of the Peacock committee proposal that all restrictions on Pay-TV should be removed—not only from cable and satellite operations but from terrestrial broadcasting as well. The reason is that payment per programme or per channel goes to the very heart of maximising consumer satisfaction and choice allowing the subscriber to equate value with cost. This is the basis on which cable television operates now. We welcome the removal of restrictions on broadcasting as it will facilitate the progressive acculturation of society to the free market reality of paying for what you want.

Although the cable industry is entertainment led, it is not, as is DBS, just a method of providing more entertainment using a different technology. It is seen by government and by us as the potential third force in telecommunications providing competition at the local level to BT and Mercury. If it is to be part of the infrastructure, it deserves a similar degree of protection during its formative stage to that enjoyed by Mercury. That is why we do not welcome the idea of more terrestrial channels and why we seek other changes to the existing regulatory regime.

Nicolas Mellersh,
50 Frith Street, W1.

Seething at the Science Museum

From the Assistant General Secretary, Association of First Division Civil Servants.

Sir,—The Science Museum is not "fizzing," as director Neil Cossons claims (August 6). It is seething.

Senior curators, represented by this association, are bubbling with discontent over a new restructuring plan. Formerly curators were responsible for the acquisition, preservation, documentation, research and exhibition of the collections, with appropriate technical help provided by supplying service departments. That has now been swept away: a new level of assistant directors has been recruited to head five new divisions—marketing, public services, management, research and documentation, and collections management. Public services takes over responsibility for objects on display; management for objects in store; research for their study.

It is not clear what the curators, bereft of these duties, are to do. Nor is it clear how this restructuring will contribute to the director's declared aim of laying increasing stress on "scholarly knowledge and understanding of our collections."

Sue Corby,
2 Caxton Street, SW1.

Communities and coal

From the Chairman, Coalfield Communities Campaign.

Sir, — Anthony Moreton's article on opencast coal operations in Wales (August 4) was a timely raising of an issue of growing importance to coalfield communities. People should beware, however, lest they think it a solely Welsh issue. British Coal's wish is to increase UK opencast output by nearly 40 per cent to 18m tons per annum, although even it admits that an absolute maximum of only 10m tons per annum is technically needed by the UK markets. The motive behind this is profit, and Dr Bish's comment that opencast operations cause only "some disruption" to communities typifies British Coal's blinkered attitude to the issue.

Opencast coal-mining destroys for some years the environment of the localities in which it takes place. Ton for ton, it uses up 96 times as much land as deep-mined operations and would, if BC got its way, destroy 12,000 acres of land per year, land which could only rarely be restored to its former value. For as long as it continues, communities have to tolerate a "moonscape" environment and unacceptably high levels of dust and noise. For many communities, this environmental intrusion frustrates the pursuit of their central aim, that of rebuilding local economies shattered by the rundown of the deep-mined coal industry.

Worse still, stagnant coal demand and over-capacity in the industry can only mean that much opencast coal displaces output from the deep-mined sector (which last year made a £41m operating profit). It thus results in more pit closures and job losses, jobs which are made more difficult to replace by the nature of opencast operations themselves. Coalfield communities are working hard to restructure economies weakened by a century or more of dependence on the coal industry. They are not helped when British Coal's pursuit of ever greater private profits is allowed to predominate over the wider interests of those communities.

Nor are they helped by the Department of the Environment's attitude that the "market" should determine the level of opencast output. The Flowers Commission recommended as long ago as 1981 "the level of opencast mining should be allowed to decline." Six years on we are still waiting for the Government to act to prevent British Coal further damaging our environment and economic prospects, in doing which it is only further reducing what deep-mining jobs are left.

(Councillor) H. Salt,
(Deputy Leader, Barnsley Council),
1 Pontefract Road,
Barnsley, Yorks.

Boosting imported cigarettes

From the Chairman, Gallaher Tobacco

Sir,—Dr John Dawson, as reported by you on August 7, is entitled to his views, no matter how mistaken they are, on the impact of cigarette price increases *on* aggregate consumption. What he is not entitled to do, however, is to impute callousness to the industry in its endeavours to counter falling consumption and to compete through efficiency. I find his reported comment that "the tobacco industry does not give a damn for the people who work for it" highly offensive, particularly from someone whose main crusade in life seems to be one of depriving all UK tobacco employees of their livelihoods, while boosting enormously the Continental European tobacco industry. The effect of price increases of the magnitude described by Dr Dawson would be to force smokers to move from good British made cigarettes to marginally costed low price imports.

Yes, Dr Dawson, employment in the tobacco industry has suffered significantly over recent years due in part to falling consumption and in part to the necessity for major capital substitution in order for the British industry to compete more closely with those low priced imports and thus to protect British jobs. Despite the fact that our redundancy scheme is one of the best in the country, I and my colleagues agonise over the reduced levels of employment we are able to offer and each individual reduction causes us immense concern—but it has to be done in the interests of the survival of a British tobacco industry and the jobs of the majority. Surely even Dr Dawson would agree that if people are going to smoke, they should smoke British made cigarettes.

P. M. Wilson.
Members Hill,
Brooklands Road,
Weybridge, Surrey.

FINANCIAL TIMES

Monday August 10 1987

Roderick Oram on Wall Street

Pan Am could fly into profit

PAN AMERICAN World Airways, after flouting the laws of financial aerodynamics through a decade of misfortunes, has - by selling off or mortgaging most of its assets - remained airborne long enough to stand a chance this year of turning in its first profit of the 1980s.

Faint signs that it might survive could help a coalition of Pan Am's unions as it tries to drum up support for yet another rescue attempt. But the picture for Sir James Goldsmith, the Anglo-French financier, and others the coalition have invited in for a look at the airline is still daunting.

In the short term, reduced labour costs and injection of new capital should tide it over, but Pan Am's future can never be assured until it reduces its near-total dependence on volatile international routes. That key aspect of the airline's character, dating back 60 years to its once great days as a pioneer of transocean flights, has defeated several managements since the 1970s.

It has also turned off suitors before, most recently American Airlines last January. While a wave of takeovers has swept through the airline industry and even a mighty company like Boeing is a raider's target, Pan Am has been conspicuously unwooed.

Small wonder. Pan Am Corporation, the airline's holding company, lost more than $1.5bn as it shrank in size through the 1980s. Revenues of $3bn last year were down 25 per cent from the 1980 peak. The airline's last operating profit was nearly a decade ago and it made money in only three of the past 17 years.

This summer's booming North Atlantic routes helped it make a modest second quarter net profit of $10.5m against a loss of $153.4m a year earlier and big profits should flow this quarter. But as of June 30 it probably had a negative net worth of $50m to $75m and cash of only $175m. Long-term debt and unfunded pension liabilities amounted to more than $1.25bn.

Pan Am remains highly vulnerable to events beyond its control. Last summer, for example, a surge in terrorist attacks hit its transatlantic business hard, and it resumed its Moscow service the day Chernobyl blew up.

It has precious few resources left to survive any new external shock, having used in June its last unsecured aircraft and spare engines as collateral for a loan from General Electric Credit Corporation. It can afford to have more than 25 Airbuses on order only because the European manufacturing consortium is carrying all the financing risks.

All this leaves Pan Am as a mere shadow of the airline which dominated international flying before and immediately after the Second World War. Mr Juan Trippe, son of a wealthy New York stockbroker, had built it up from a carrier of airmail between Florida and Cuba into a virtual extension of US foreign policy.

He even offered to sell Washington a 49 per cent stake after the war if Pan Am was designated the regulated monopoly US international carrier. Far from enjoying such a cosy future, it found itself increasingly challenged by other domestic and foreign airlines.

Most crucially, it relied heavily on other domestic airlines to deliver passengers to its coastal city gateways for flights abroad. US airline deregulation in the 1970s, however, opened up many of the inland cities as gateways for domestic airlines with foreign ambitions.

Buying National Airlines in 1980 was Pan Am's main attempt to fix this fundamental flaw, but it was widely considered that management botched its efforts to integrate the low-fare airline serving mainly routes between Florida and the north-eastern US. Pan Am's share of the domestic market has halved from the 12 per cent it enjoyed briefly after buying National.

A little more room for manoeuvre would come with labour concessions to reduce Pan Am's average pay from $48,778 to nearer the industry average of $43,457 or even Continental Airline's rock bottom $33,600. The wage bill reflects in part the greying of the pilot roster. The airline hired its first pilots since the late 1960s this spring.

The union coalition, which picked up 7 per cent of Pan Am's equity in earlier wage concessions, is prepared to offer more cuts for additional stock as part of a rescue package.

But the suspicion remains on Wall Street that would-be investors are more interested in Pan Am's parts than the whole. Its landing rights at Heathrow, for example, are worth several hundred million dollars. 'People would line up six deep with their cheque books for those,' said one airline analyst.

IBM suffers fall in market share

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

IBM, the world's largest computer group, suffered a serious setback in the European data processing market last year, according to a survey by Datamation, the US computer magazine.

The study, which also records a strong advance by Europe's indigenous computer manufacturers, says that IBM's European market share fell to 35.3 per cent from 39 per cent in both 1985 and 1984. The US company was hit particularly hard by sharp revenue falls in its leading markets of West Germany and France.

In West Germany, the group's largest European market, data processing revenue fell almost 13 per cent, despite overall market growth of about 17 per cent in the same period. The decline in France, IBM's second largest European revenue producer, amounted to 9 per cent, says Datamation.

Computer sales in Europe (1986)

Company	DP sales	Rise %
IBM (US)	$15.7bn	21.1
Siemens (W Germany)	$3.9bn	46.5
DEC (US)	$2.8bn	27.4
Olivetti (Italy)	$2.7bn	45.2
Bull (France)	$2.4bn	44.6

Like the rest of the American computer manufacturers, however, IBM's overall European revenues were buoyed in financial reporting terms by the weakness of the US currency, giving it a 21 per cent increase in dollar sales to $15.7bn. Europe accounted for 32 per cent of the group's overall world revenues.

The total European data processing market was valued by Datamation last year at over $70bn, of which the top 25 companies operating in the region generated $44.5bn, an increase of 29 per cent on 1985. Combined world revenues of the 20 leading European-owned companies rose 36.6 per cent to $23.4bn, with Siemens of West Germany maintaining its lead among indigenous European producers, growing 14.5 per cent to revenues of $3.9bn.

Siemens, which has recently linked with BASF's data processing division to form Comparex, also ranked number two in the European league table. It was followed by Digital Equipment, the US minicomputer manufacturer, which had European revenue of $2.8bn, with Olivetti of Italy in fourth place ($2.7bn), and Groupe Bull, the French group, which has just taken the lead in a consortium linking it with Honeywell of the US and NEC of Japan, in fifth ($2.4bn).

Unisys, the US-based group formed by the merger of Sperry and Burroughs, was sixth with sales of $2.3bn, while Nixdorf, the fast-expanding German group, slipping down a place to seventh on revenues of $1.9bn.

ICL, the UK group which is now part of STC, maintained its 10th position, with data processing revenue put at $1.4bn. Hewlett-Packard, the California-based group, achieved one of the biggest gains in rankings, jumping from 12th to ninth as sales rose 36.9 per cent to $1.5bn.

By contrast, L M Ericsson, the Swedish group, saw its league table position slip from eighth to 12th, with revenues of $1.2bn.

Chad defeats Libya in border clash

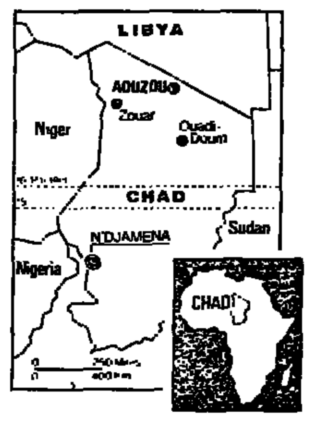
BY PAUL BETTS IN PARIS

LIBYA SUFFERED another serious setback in Chad at the weekend when the Chadian troops of President Hissene Habre captured Aouzou in the thin band of desert along the Libyan border annexed by Tripoli in 1973.

Libyan jets counter-attacked late yesterday by launching what a Chadian official described as "intense and incessant" bombing of Chadian troops in the area.

It is the first time that Chadian troops have penetrated inside the so-called Aouzou Strip in the north of the central African country since President Habre launched his campaign to reconquer the Libyan held part of his territory.

Earlier this year, the Chadian troops with French and US logistical support inflicted a series of humiliating and costly defeats on Libya north of the 16th Parallel, the line that used to divide the two zones of influence in the country.



After capturing the key Libyan bases of Fada, Ouaddi Doum and Faya Largeau earlier this year, President Habre had virtually reconquered the entire Libyan-held north of his country with the exception of the 1,000 mile Aouzou Strip along Libya's southern border. Since annexing this narrow desert band in 1973, Libya has claimed it as part of its own territory.

Chadian officials in Paris claimed at the weekend that the decision to penetrate into the Aouzou Strip for the first time and capture Aouzou had been taken in response to a Libyan military offensive. Chad had been expecting a Libyan offensive for some time, especially after the earlier humiliating defeats suffered by Col Muammer Gadaffi's troops in northern Chad.

The officials claimed that the attack against Aouzou followed an earlier unsuccessful attack by Libyan troops against Bardai, about 50 miles further south in the Tibesti mountain region. It now remains to be seen whether Chad will seek to capitalise on its latest military and psychological advantage against Col Gadaffi and try to capture an important Libyan base near Aouzou.

News of the Libyan defeat was greeted with noisy street celebrations in the Chadian capital fo Ndjamena. However, there was no official reaction from the French Government yesterday on the latest events in Chad.

An estimated 2,400 French troops continue to be stationed in Chad, but all are south of the 16th Parallel. Despite his recent successes against the Libyans, President Habre said during his official visit to Paris last month that he considered it would be premature to reduce the French military presence in Chad. The French troops were dispatched as part of the so-called Operation Sparrowhawk last year and have provided Chad with key logistical support supplying the Chadian troops with arms, fuel and food.

BA close to decision on $2bn jet order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS is now "very close" to final decisions on its long-planned $2bn jet orders to replace its ageing 19 Lockheed TriStars, and a statement may come this week.

The airline had originally planned to put recommendations to the board last Friday, but the proposed £237m merger with British Caledonian intervened, resulting in a delay.

The major manufacturers - Airbus, Boeing and McDonnell Douglas, and engine makers General Electric, Pratt & Whitney and Rolls-Royce - are understood to have taken advantage of this situation to submit last-minute offers over the past two weeks, and BA held talks with some of them as recently as this past weekend.

As a result, suggestions that Airbus, the European jet manufacturing consortium, had been ruled out by BA were strongly denied yesterday.

The choice for the TriStar replacement falls into two sectors, short-to-medium haul and long-haul, each involving about 10 aircraft worth $1bn.

The short-to-medium haul involves the Airbus A-300-600 and the Boeing 767 twin-engined jets while the long-haul choice lies between the Airbus four-engined A-340 and the three-engined McDonnell Douglas MD-11.

The airline's planners are still understood to favour the Boeing 767 in the short-to-medium haul choice, with the Rolls-Royce RB-211-524D engines.

But in the long-haul battle, although the MD-11 was favoured earlier, Airbus is believed to have made an attractive offer deserving serious consideration.

Engine choice is the complicating factor in this competition. The Airbus A-340 is being offered solely with a Franco-US engine, the CFM-56-5, whereas the MD-11 can be offered with either General Electric CF6-80C2 or Pratt & Whitney PW-4000 engines, with a possible new Rolls-Royce engine, the RB-211-700, also in the running if it can be developed in time to meet BA's needs.

The MD-11's chances have been strengthened in the light of the proposed BCal merger, because that airline already has orders and options for nine MD-11s with General Electric engines.

But BA has a preference for Rolls-Royce, and it is up to that company to convince BA that it can produce its new RB-211-700 in time. Otherwise, BA would be obliged to choose either GE or Pratt & Whitney engines, which would be damaging for Rolls-Royce in world markets.

UK group to open share shops

BY HUGO DIXON IN LONDON

DEBENHAMS, the UK retailing chain owned by Burton Group, will later this month start a mass market stockbroking service in Britain which is planned to consist of more than 40 'share shops' in the next three years.

Last week, Debenhams Investment Services was given the formal go-ahead to become a member of the London Stock Exchange. It will start trading under the name 'Debenhams Share Centre' in two Debenhams stores - in London and Bristol - as early as August 24.

Mr Matthew Orr, DIS director for sales and trading, said the public appetite for share dealing had been whetted by the British Government's privatisation issues at a time when traditional stockbrokers were finding it less attractive to service the small client because of problems with settlement systems.

DIS is determined to become one of the top players in the British retail stockbroking market by offering a service that is simple, accessible and competitive. 'We are the friendly face of wider share ownership,' Mr Orr said.

For the last couple of years, stockbroker Quilter Goodison has been operating share shops in Debenhams' London and Bristol stores. This arrangement will now end.

However, Mr Orr, who ran the two Quilter stores, and several DIS registered representatives have joined from Quilter.

The share centres will offer three services: straight share dealing, investment advice and investment management.

Experienced investors will be able to come into a share centre, study prices on one of several Topic screens and then go to a counter to put in a buy or sell order.

Those seeking advice will go to a registered representative. DIS will not be producing its own research, but buying it from other brokers like Barclays de Zoete Wedd and then rewriting and "popularising" it.

Finally there will be discretionary and non-discretionary portfolio management services for clients with £10,000 ($16,000) or more to invest.

EC prepares rules to control takeover bids

Continued from Page 1

create unfair market dominance and distort free competition.

Under present EC rules the nearest thing to a takeover code is a nine-year-old directive confined to mergers, a more cumbersome and less frequently used way of acquiring companies than straight takeovers. It is also confined to deals within member states. The new rules would include general takeover bids both within EC countries and across internal orders.

The draft attracted a hostile reaction from the UK, West Germany, France and Belgium when it was first presented to national experts earlier this year. Ireland and the Netherlands also have reservations. It looks almost certain to encounter a blocking minority when it comes before the Council of Ministers under the West German presidency, possibly early in 1988.

While Commission officials stress that they are some way from finalising the document, they feel the new rules should have national statutory backing to give them adequate force. "They show no sign of budging," said one EC diplomat.

Thousands back S African strike

Continued from Page 1

major difficulties, not least the opposition of their governments, who rely on their remittances.

Mr Peter Gush, chairman of Anglo American Corporation's gold division, which is heavily unionised, called on workers to ignore the union's call and accept the Chamber of Mines' 1987 pay award, introduced unilaterally on July 1, which ranges from 16 to 23.5 per cent. The NUM is demanding 30 per cent across the board and improved fringe and holiday benefits, but is also seeking to strengthen its power over the industry.

The Chamber of Mines, which represents the five major mining houses - Anglo American, Gencor, Rand Mines, JCI, and Goldfields of South Africa - also urged workers to stay at work and promised that managements would protect all those who wished to do so.

Union leaders hope that a mass stayaway will lead to concessions by the chamber. But last night industry executives said no further talks were planned and expressed confidence that many mines will be able to maintain production.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	29	85	Malta	S	37	99	Rhodes	S	33	91
Algiers	F	30	86	Edinburgh	F	16	61	Manchester	R	13	55	Rio de Ja	-	-	-
Amsterdam	R	17	63	Faro	S	26	79	[illegible]	S	34	93	Rome	S	33	91
Athens	S	40	104	Florence	S	28	82	Melbourne	C	11	52	Salzburg	F	24	75
Bahrain	S	38	100	Frankfurt	R	15	59	Mexico City	S	27	81	San Francisco	C	20	68
Bangkok	S	34	93	Funchal	F	25	77	Miami	S	30	86	Seoul	C	28	82
Barcelona	F	26	79	Geneva	R	25	77	Milan	C	22	72	Singapore	R	35	95
Beirut	S	33	91	Gibraltar	S	23	73	Montreal	C	26	79	Stockholm	R	15	59
Belfast	C	15	59	Glasgow	F	18	64	Moscow	C	19	66	Strasbourg	F	20	68
Belgrade	S	26	79	Guernsey	C	16	61	Munich	C	17	63	Sydney	F	15	59
Berlin	F	19	66	Helsinki	C	14	57	Nairobi	C	18	64	Taipei	C	36	97
Biarritz	C	20	68	H. Kong	C	31	88	Naples	S	35	95	Tangier	C	25	77
Bombay	F	29	84	Innsbruck	F	24	75	Nassau	S	30	86	Tel Aviv	S	32	90
Bordeaux	F	23	73	Inverness	C	13	55	New Delhi	S	38	100	Tenerife	F	27	81
Brussels	C	16	61	Islamabad	S	39	102	New York	C	30	86	Tokyo	S	32	90
Budapest	S	24	75	Istanbul	S	30	86	Nice	S	25	77	Toronto	R	26	79
B. Aires	C	14	57	Jakarta	C	30	86	Nicosia	S	42	108	Tunis	S	42	108
Cairo	S	38	100	Jersey	C	18	64	Oporto	S	21	70	Valencia	F	29	84
Cape Town	-	-	-	Jo'burg	F	16	61	Oslo	C	17	63	Venice	S	25	77
Caracas	C	28	82	Lima	C	21	70	Paris	C	19	66	Vienna	R	26	79
Casablanca	C	24	75	Lisbon	S	26	79	Peking	S	31	88	Warsaw	C	19	66
Chicago	S	25	77	London	C	19	66	Prague	F	21	70	Washington	F	26	79
Cologne	R	15	59	Los Angeles	C	29	84	Reykjavik	C	12	54	Zurich	R	15	59
Copenhagen	R	14	57	Luxembourg	C	15	59								
Corfu	S	31	88	Madrid	S	31	88								
Dallas	S	26	79	Majorca	F	27	81								
Dublin	C	17	63	Malaga	F	27	81								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Indicators awaited

Continued from Page 1

statistics already published which provide evidence of overheating and the money supply figures due to be published a week today.

The other key economic indicator will be the producer price indices to be published today.

Last July's figures, which were exceptionally low, will now drop out of the annual figure and in recent months most non-oil commodities have experienced sharp price rises, of between 25 and 35 per cent in dollar terms on an annualised basis.

These increases are not expected to have worked through into output prices, which are forecast to show a 4 per cent rise. Similarly the consensus is that the figures for average earnings, due on Thursday, will show a year-on-year increase of around 8 per cent and that the Retail Price Index for July, to be published on Friday, will show an inflation rate of about 4.5 per cent.

Mr Roger Nightingale, the UK economic analyst at Hoare Govett, believes the greatest source of worry to the stock market is the prospect of tighter credit and that these indicators will have only an indirect effect through their influence on government actions.

THE LEX COLUMN

Germany's turn in the sun

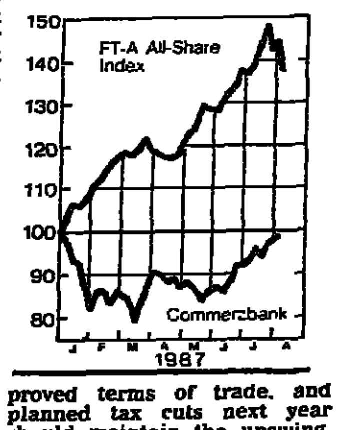
The strength of the West German equity market over the past two months seems to call for fundamental explanations, but they are not easy to come by. Granted, many investors had enveloped themselves in such a cocoon of misery over German economic growth prospects and the strength of the D-Mark that a string of recent economic figures, while certainly poor, has been greeted almost with a sigh of relief. Although industrial production fell again in June and unemployment has been rising, production for May and June together were still ahead of the level for March and April and capacity utilisation is even believed to have increased.

Moreover, the dollar's latest bout of strength has confounded the pessimists who forecast a bleak outlook for many of Germany's blue chip exporting companies. With the dollar steady at about DM 1.8, the outlook seems less dire. Even the Airbus might start making money. But the economic and currency data, so far as they go, are hardly enough to fuel the market's latest rise - nor are signs of Far East buying and the ever-present speculation about Japanese institutional investors just around the corner.

On the other hand, when other markets are marking time, only the bravest fund manager fights the force of sentiment. Indeed, the first hint of an upturn in German share prices after months in the doldrums conveniently coincided with a period of stability or profit taking in other European markets. France went off the boil in May, while last week's collapse in the UK could help to maintain the present German rally. And many fund managers have felt less than comfortable in southern European markets like Spain and Portugal, in spite of their good runs.

So now it is Germany's turn. Those money-men urgently scratching round for fundamentals to justify their new-found confidence in Germany have found only limited comfort in the past fortnight. Admittedly, after unchanged dividends for the past five years, the Munich Re hinted at a possible increase last month. And although half-time earnings at the big three banks were disappointing, as expected, buyers soon cheered themselves in the belief that second-half earnings will recover to last year's levels. Deutsche Bank responded accordingly, rising DM 53 to DM 714 last week.

Only the retail sector offers more solid reasons for confidence, although it is hardly cheap, with p/e ratios well above 20. Consumer purchasing power has been rising thanks to the positive effect of the im-



proved terms of trade, and planned tax cuts next year should maintain the upswing. The news that Asko, the fast-growing retailer, was taking a stake in Massa focused interest on the sector, even if some analysts think the company is becoming overstretched. Chemicals have also enjoyed a good run, thanks to a temporary restocking phase in basic materials.

But German equities may only have a short-lived bask in the limelight. Earnings growth in most sectors shows no momentum and, more important, interest rates have been edging distinctly upwards. Analysts argue that the run still has some way to go, with the Germans themselves buying and the French and Italians joining in. But the market is vulnerable on many fronts, and it may pay to be nimble.

Convertibles

Just when you thought dilution had been licked, the threat to pre-emption rights returns. Pre-emption Mark 1 ended with the advance of the investment bankers being checked by the institutional old guard. But with the expansionist ambitions of UK companies undimmed and most of those recent rights issues looking distinctly blue in the face, pressures are mounting on the new pre-emption guidelines.

Pre-emption Mark 2 will be more subtle. Corporate financiers are already busily examining the vendor placing loophole identified by Hillsdown Holdings ten days ago. Hillsdown's £150m Euroconvertible bond - without clawback - would, if fully converted, exceed the Association of British Insurers 2.5 per cent pre-emption limit several times over. The issue is in part a vendor placing, for which the ABI has allowed a more relaxed 10 per cent limit, but it remains tantalisingly unclear how much of an issue has to be consumed by the vendor placing to qualify for the higher limit.

The issuers would prefer to stress that the bond, with its low coupon and high conversion premium, provides an escape from the usual trade-off between the benefits of by-passing pre-emption rights (speed, cost and broader shareholder base) and the transfer of value away from existing shareholders. The latter ought to benefit from their company's lower interest charge and then, thanks to the hefty conversion premium, avoid any earnings dilution.

Even leaving aside purist hostility from the likes of M&G to quantitative dilution, this view is not embraced by many institutions. The problem of valuing convertibles - particularly with put options - has not disappeared. Also, new shareholders arguably benefit from a higher yield prior to conversion. More fundamentally, the conversion premium need only be a floor; if the share price shoots up then the converters may enjoy a cheap entrance ticket.

Barings, which has just published a modest defence of the Euroconvertible, suggests a call option for the issuer as a way of minimising the latter problem. But as Barings believes a Euroconvertible is cheaper than a non-underwritten deep discount rights issue (thanks to the Inland Revenue), that may seem an unecessary complication. The bank also stresses the useful balance sheet ambiguity of the convertible; interest on the bond is tax deductible, but commercial bankers can be persuaded that the convertible is equity for gearing purposes.

It remains more difficult for companies to have it both ways with their own shareholders. If convertibles are deferred equity, then existing shareholders are suffering an unfairly low yield relative to the newcomers, rather than benefiting from lower interest charges on debt. However, the main concern to institutions like the Pru is that as convertibles (and put options) become more attractive in volatile markets, why should they be only available to new investors? Most of the tax benefits would stand if convertibles were issued as part of an orthodox rights issue, and is it really necessary to issue the bonds in bearer form?

This time the institutions are being disingenuous, for many have been lukewarm about convertibles in the past. One good reason for their suspicion - the undervaluation of convertibles in bids - could now diminish following Chesterfield Properties' decision last week to protect its new convertible holders from enforced conversion on unfavourable terms.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday August 10 1987

INTERNATIONAL BONDS

Inflation fears encourage commodity-linked issues

LAST WEEK looked like a bond dealer's nightmare as oil price rises, fuelled by increased tensions in the Gulf, renewed fears of rising inflation worldwide, writes Clare Pearson in London.

Though towards the end of the week the sharp fall in bond prices was beginning to look overdone, it had been sufficient to slam shut the Eurobond new issues window, and just a handful of deals, mostly equity related, slipped through.

But a couple of issuing houses resiliently adopted an "if you can't beat 'em, join 'em" approach and sought to capitalise on investors' retreat from fixed-interest securities by launching commodity-linked issues.

Shearson Lehman Amex Finance revived the gold linked bond in the Swiss franc foreign bond market with two deals for Rhône Poulenc and Olivetti (for which Union Bank of Switzerland was lead-manager though Shearson supplied the gold).

Swiss investors have a particular penchant for gold-linked bonds, which have become a well-established sector of their market this year. More than SFr 2bn worth of such issues have appeared, most of them bunched around the period at the end of April when the dollar was enduring a sharp fall.

Although last week looked like another classic moment to top up the supply of such issues, Shearson's bonds were not runaway successes, mainly because of the array of choices now available to investors in the secondary market.

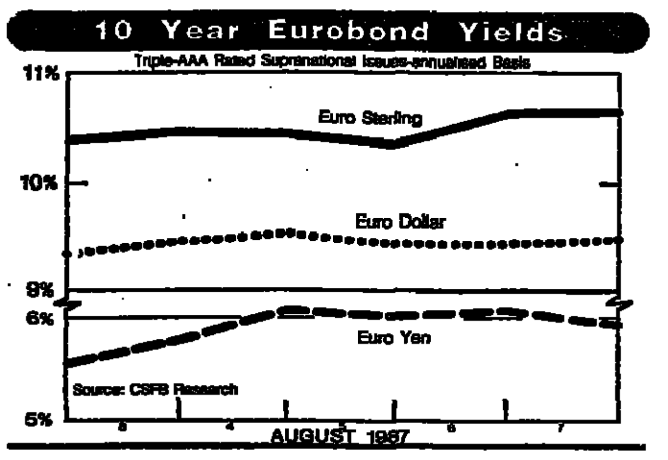
The terms of the two issues were broadly similar but Rhône Poulenc's bond met the stronger initial response, as it was launched on Tuesday when gold had risen to around $476 as fears over the Gulf escalated.

Olivetti's timing was less propitious. The bond emerged on Thursday, by which time the gold price had dwindled to around $468.

Both bonds were quoted on Friday afternoon at less 2¼ bid, a respectable though not spectacular level assuming standard fees. A number of dealers said there seemed little reason to buy the new bonds while better value was available in the secondary market.

Assuming coupons on straight fixed-rate bonds of the same maturity for Rhône Poulenc and Olivetti of 4¾ and 4⅞ per cent respectively, the premiums on both issues amounted to around 30 per cent at launch.

Shearson said this was at the low end of the range in the secondary market, where premiums varied between about 27 and 40 per cent. But others said the vast majority of seasoned bonds were trading at premiums of below 30 per cent.



Dealers also said that the bonds' 2 per cent coupons offered little downside protection. If the gold price remained static, the bonds would only be worth 85 per cent of their par value while the downside on bonds in the secondary market was in some cases only eight or 10 points.

Meanwhile, Goldman Sachs in London was busy arranging the first-ever Eurobond market issue of oil warrants on their own. This followed a pioneering oil-linked bond for Kredietbank International which Goldman arranged in Switzerland last month.

The oil warrants issue came in two tranches of two-year calls and puts, which may be exercised at any point during their lives, and which were being offered on Friday at $400 and $470 respectively. Each warrant is exercisable on 100 barrels of oil, and the exercise price is $21.50 a barrel in each case.

Goldman said the warrants were primarily aimed at retail investors although the calls could attract interest also from fixed-interest fund managers as hedging instruments.

Back in the straight Eurobond market, the Euroyen market was hard hit last week on worries about Middle East tensions and a report by the Bank of Japan that growth was picking up. In hectic trading during the first two days of the week, bond prices shed as much as three of four points but then recovered slightly to end the week about 2½ points lower at the long end.

The strengthening dollar sent prices nearly one point lower in the D-Mark market. A DM 200m 6¼ per cent bond for the European Investment Bank, for instance, ended the week bid at 97½, or 0.60 point lower on the week.

But three problems paled into insignificance compared with the nasty shock the Eurosterling market suffered on Thursday as the Bank of England increased its dealing rates and the UK clearing banks quickly followed this up with a one-point rise in their base lending rates to 10 per cent.

Though in most cases during the subsequent market trauma, price falls in the Eurosterling sector lagged those in the gilt market, dealers said some of the larger, more actively traded issues suffered similar three point falls.

The fate of the market now hinges on tomorrow's all-important UK trade figures, as, if they are worse than expected, dealers fear they could set the stage for further interest rate rises.

The crisis has created some conceivably tempting yield levels in the secondary Eurosterling market. On Friday, a 10-year issue for the Halifax Building Society was yielding 11 per cent while a five-year bond for National Westminster Bank is yielding around 10.45 per cent.

But investors are unlikely to run the gauntlet of the next two weeks' batch of economic data to take advantage of these returns.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,926.2	561.1	299.0	4,392.1
Prev	1,794.4	2.4	416.2	6,430.5
Other	1,060.6	2.5	—	262.0
Prev	2,139.4	435.7	477.0	175.0
Secondary Market				
US$	17,353.0	2,404.9	10,915.3	5,147.7
Prev	17,934.4	1,924.9	10,513.4	5,944.3
Other	17,128.1	1,387.7	4,261.6	9,883.5
Prev	19,171.2	1,118.7	5,955.3	12,313.9

	Cedel	Euroclear	Total
US$	11,242.3	31,687.0	42,929.3
Prev	12,547.7	32,412.8	44,960.5
Other	14,574.1	19,406.9	33,981.0
Prev	16,872.9	24,913.3	41,186.2

Week to August 6 1987 Source. AIBD

Dome Petroleum rejects offer from Giant Yellowknife

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the debt-laden Canadian energy company, has rejected a C$449m (US$338.6m) offer from the Australian-controlled Giant Yellowknife Mines for its 21.5 per cent interest in Dome Mines, one of Canada's oldest gold mining companies.

Dome Mines is also a significant minority shareholder in Dome Petroleum. The block of Dome Mines held by Dome Petroleum is pledged as security to the oil company's lenders.

Giant Yellowknife, controlled indirectly by Ariadne, Mr Bruce Judge's Australian investment group, had bid C$21.50 cash a share for the Dome Mines controlling block in an offer which expired last Friday.

Dome Petroleum would not explain the rejection, but said it would vote its controlling block of Dome Mines in favour of a merger of Dome Mines with Placer Development, a large Canadian-based international base metals group, and Campbell Red Lake Mines, a Canadian gold producer, at a shareholders' meeting in Toronto on Wednesday.

Giant Yellowknife said later it had cancelled plans to marshall support from other Dome Mines shareholders against the proposed merger. The company added that it still opposes the merger plan and will "review prospects" after Wednesday's Dome Mines meeting.

● Inco, Canada's largest nickel and copper producer, will put its gold mining activities into a new subsidiary, Inco Gold Company, initially to handle the financing of a new gold mine in north-west Quebec.

Production at the jointly-owned Golden Knight mine in the new Casa Berardi camp in Quebec's Abitibi, 500 miles (800 km) north of Montreal, is expected to start in 1989 at a rate of 60,000 oz yearly, but the mill will be able to handle double that amount. Eventually the investment required will be more than C$100m.

Also in 1990, Inco hopes to start up two other gold mines, one in Montana and the other in Brazil. The company's target is production of about 400,000 oz of gold annually by the late 1990s, assuming prices remain high.

Why British banks steered clear of giant BTR financing

BRITISH BANKS have stayed out of a giant financing for BTR, one of the UK's leading industrial conglomerates, in what is almost certain to be seen as a boycott of the deal, writes Stephen Fidler in London.

The £1bn ($1.57bn) financing, which included £500m of committed funds from banks, was the largest and most aggressively priced yet for a British company in the international loans market.

Yet, despite the absence of the British banks, the deal has probably exceeded most expectations. By the end of last week, slightly over £330m had been committed in syndication by about 15 banks, with another three to four to reply, a result that must be counted as more than satisfactory for Bankers Trust, arranger of the loan.

With six banks underwriting the full £500m, the bank had sought other lead managers to put in £30m each. The result of syndication suggests that commitments will be scaled down and the final contribution of the underwriters will be less than £30m.

Why then did the deal satisfy more than 20 banks from outside BTR's native land, and none within it? It appears that the British banks have become increasingly concerned about how fine the margins on such facilities for UK companies have become.

Terms of the BTR deal did cause gasps in some quarters when they were disclosed. The front-end fees were particularly stingy. Leading banks, for example, earned a mere £8,330 each for underwriting £83.3m.

The BTR deal is not an isolated case. Other deals for British companies, such as a £300m financing for Cadbury-Schweppes, have also been very aggressively priced.

The fact that British companies enjoy ever tighter terms contrasts with the rest of the market, where margins if anything are expanding.

One reason for this is the value that the banks place on cementing their relationship with companies.

Does this mean then that the UK banks are willing to risk damage to their links with important companies in defence of fatter fees and interest margins? The banks would probably not be so naive as to declare it, even if it were true, since such principles often melt away in the face of losing business.

Nevertheless, there was unsubstantiated gossip in the market last week that the strategy may be bearing fruit. It suggested some UK borrowers were going to unusual lengths to make sure the British clearers did join their transactions.

Syndication of a $1.5bn aircraft financing for GPA Group, the Irish aircraft financing group, is set for completion by August 21.

Articles in the specialist press suggested last week that the size of the deal would have to be cut, but Citicorp, which is syndicating the deal put together by Morgan Guaranty, insists that it is fully underwritten by 11 banks, that it is not being restructured and that the amount is not going to be reduced.

It does appear to have a difficult ride in syndication, however, and the problem appears to lie more in the nature of the company than the structure of the financing.

The financing will expand GPA's debt by a multiple, so much so that many banks view the deal almost as an equity investment. "We like the company, but it's like betting the shop on the aircraft operating lease market," said one banker.

The feeling that the group is very focused on the fortunes of one sector of the airline industry is increased by the number of joint ventures which GPA has entered, with Midland Bank, McDonnell Douglas, Fokker and Airbus.

Harley rises in quarter

BY JAMES BUCHAN IN NEW YORK

HARLEY-DAVIDSON, the revitalised US maker of heavy motorcycles, showed a steady improvement in earnings in the second quarter to June, advancing to $5.4m or 88 cents a share from $3m or 67 cents a share in the 1986 June quarter.

Harley also booked an extraordinary credit of $1.5m from its tax losses for final net income of $7m or $1.13 a share.

In the spring Harley said it no longer needed special tariff protection against Japanese manufacturers, and its shares have risen by over 50 per cent in the past two months.

Revenues for the quarter more than doubled from $84.7m to $185.5m. Though the increase largely reflected the sales contribution of Holiday Rambler, the maker of high-price motor homes which Harley acquired last December as a business diversification, sales from motorbikes rose some $12.4m.

Mr Richard Teerlink, chief financial officer of Harley, said that results reflected the company's increasing share of the worldwide heavyweight motorbike market and continued strong results from Holiday Rambler.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Caught unawares by interest rate rise

THE MOST depressing aspect of last week's UK decision to raise interest rates by one percentage point is that it was a move taken when the pound was becalmed and relatively steady on the foreign exchanges.

There was no overall sense of crisis last week (except perhaps on the stock exchange which was beginning to react to the almost uninterrupted bull run in equities and its chaotic settlements situation). After edging higher in anticipation of a base rate rise, money market rates had seemed to simmer down.

Sterling had slipped gradually under the weight of intense Gulf-related dollar buying and a few inflation worries but had looked pretty well supported, given the massive falls in equity and gilt-edged prices. Gilts, after their plunge in recent weeks, had begun to stabilise and some buyers were to be found for the outstanding tap.

The authorities argued last week that the rise in interest rates merely reversed the two half-point cuts forced on them by sterling's strength in the run-up to the General Election. Patently, when markets pressure the Government for a base rate change, that change can then be reversed. So, one can assume that a base rate rise, when there is little market pressure, is more fundamental and less easily reversed.

The authorities made it clear the rise was due to domestic monetary conditions and had also to be seen in the context of international developments. Certainly, concern about higher inflation was beginning to result in firmer money market interest rates in Japan and West Germany. The difference remains that Britain's monetary tightening was more overt and more extreme.

The reason for this may well be, as the OECD pointed out at the weekend, that UK inflation is still substantially higher than that of its major trading partners, that its unit labour costs are rising faster than elsewhere and wage settlements are definitely too high.

The burning question last week was how far the decision to raise rates was a pre-emptive strike against upcoming statistics, many of them relating to prices in the domestic economy. It seems, from all the available forecasts, that none is going to be particularly encouraging. Later today, producer prices data are expected to show a sharp jump in input prices, partly reflecting last July's sharp drop and partly the recent strength of commodity prices.

On Thursday, the Department of Employment will release its latest figures for average earnings which could conceivably show the underlying annual rate edging up to 8 per cent in June, reflecting upward pressure on wage settlements. Next week, Mo is forecast to rise by more than 1 per cent, giving a year on year growth rate of more than 5 per cent.

It seems logical to assume that last week's rise in interest rates was, in some sense, in anticipation of all these figures. In a sense, too, the authorities' decision to act early rather than late should instil confidence into currently rather battered British markets.

The joker in the pack remains tomorrow's trade figures which are almost impossible to forecast. One has to guess, that, if the figures were going to be awful, the authorities would have waited to raise rates.

There is just one nasty thought. What if the authorities feel even higher rates are needed to counterbalance, for example, the rise in the oil price since May when it was forced into rate-cutting. The message of last week's move was that it represented a return to the status quo of monetary policy. This then assumes there has been no worsening of inflationary trends since May, which is debatable. Nevertheless, we have the Chancellor of the Exchequer's word that he regards 1 per cent as quite sufficient.

There may be more fundamental concerns about the rate rise. James Capel worries that the upward move may discourage investment, needed to ensure industry does not come up against capacity constraints, but may have little impact on consumer credit. "As consumer credit is notoriously insensitive to changes in base rates, the increase will do little to improve the mix of demand and at the margin may even worsen it," the firm says.

It suggests what is needed is a tightening of fiscal policy and the shelving of any tax cuts planned for next March, so allowing a non-inflationary reversal of last Thursday's rise in rates.

Janet Bush

US MONEY AND CREDIT

Recovery despite oil prices alarm

ANXIETY about inflation has been continuing to niggle at US credit markets, which began the week in high alarm about oil prices and had still not regained their poise by the weekend.

Long yields, which pushed through 9 per cent at the beginning of the week for the first time since May, did recover in slow trading as the tension relaxed in the Gulf: the Treasury 8¾ per cent 30-year bond was yielding 8.91 per cent at the close on Friday, unchanged on the week. But if last week did bring a pause to the market's steady slide since the begininng of July, it goes into this week's Treasury auction in less than robust form.

The Treasury refunding, which was supposed to happen last week, was held up by the failure of Congress to agree a new ceiling on government borrowing while it palavered over whether or not to "arm" the Budget Deficit Reduction Act with powers to ordain automatic government spending cuts. As expected, Congress failed to agree and instead passed a temporary ceiling which will tide the Government over till September.

However, the week's delay has done nothing to fire the enthusiasm of domestic investors for what is likely to be over $28bn in new notes and bonds. There are the usual worries about Japanese interest in new issues of US dollar paper: since May, rising yen rates have cut the yield advantage on dollar bonds by a full two percentage points. Rates have also risen in West Germany and the UK. Against this background, gloomy talk about inflation has found ready ears.

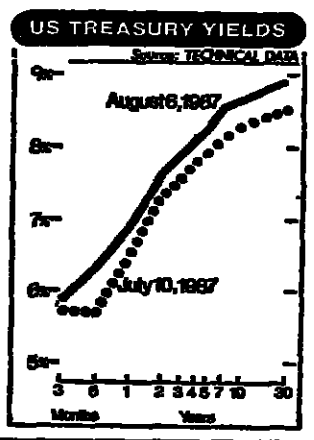
Conflict in the Gulf would obviously be a disaster for the bond markets, but leaving that possibility aside, the inflation scare looks overdone. The extreme case is that rising oil prices, as well as the tick-up in such basic industrial materials as steel, aluminium, copper and lumber, will combine with rising wage demands to produce inflation of anything up to 7 per cent next year. At those levels of inflation, long yields would presumably have to rise well into double figures.

Last Friday's figures on unemployment in July — the market's first statistical taste of the third quarter — were all that the bears could have asked for. Non-farm payrolls rose by 304,000 in July or about 50 per cent more than the market expected while the civilian unemployment rate fell by 0.1 percentage point to 6 per cent, the lowest rate since 1979. Manufacturing jobs grew by 70,000, about 10 times the monthly average over the past year, which suggests that the decline in the dollar is beginning to boost the competitiveness of US industry.

Mr David Jones, a money market analyst at Aubrey Lanston, believes these figures show that the US is approaching full employment and "portend an acceleration of wage-price pressures in the months ahead. This is precisely the pattern that can usually be expected as shortages develop — especially in the labour market — in the advanced stages of economic expansion. Eventually this reality is likely to force the Federal Reserve to tighten its policy stance."

Other market analysts such as Mr Philip Braverman of Irving Securities, are much less impressed by the labour market figures, which may be misleading for all sorts of technical reasons. And there is precious little evidence so far of inflationary wage claims. This view holds that the rise in long yields of nearly half a percentage point over the past five weeks goes a long way to compensating investors for their reasonable fears.

Some analysts feel that yields might have to rise modestly to get the auction away but the market could still see a late summer rally. Members of the Organisation of Petroleum Exporting Countries are evidently producing anything up to 2.5m barrels a day more than the market wants to consume now. The oil being stockpiled will act as a drag on oil prices once the Gulf calms down.



In the US Midwest, silos are starting to burst with grain. Detroit has cut back sharply on auto production to clear inventories of 1987 model cars, and this could mean that third-quarter figures for gross national product will still be weak. Precious metal prices look fragile.

Above all, the dollar, which used to be the market's bugbear until wage pressures took over, was so strong last week against European currencies that the Bundesbank intervened against it. By removing the currency risk which has so bedevilled foreign investment in US fixed-interest securities, dollar stability could help compensate for the narrower yield differential.

* * *

The following economic statistics will be released this week. With them are consensus forecasts as surveyed by Money Market Services of Redwood City, California.

- Producer prices in July, due on Friday at 8.30 am. Prices are expected to have risen by 0.3 per cent, as against 0.2 per cent in June. The 37 forecasts surveyed ranged from no change to an increase of 0.5 per cent.
- Merchandise trade in June, due at the same time. The market forecast is for a deficit of $13bn, down from $14.4bn in May. The 35 estimates surveyed ranged from $12bn to $15bn.
- Industrial production for July (Friday, 9.15 am). Output is expected to have risen 0.4 per cent as against 0.2 per cent in June. The range of 36 estimates stretched from no change to a rise of 0.7 per cent.
- Retail sales in July (Thursday, 8.30 am). The concensus estimate is for an increase of 0.5 per cent, compared with 0.4 per cent in June. The 37 estimates ranged from flat to an increase of 1 per cent.

James Buchan

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.69	6.68	6.63	11.34	5.71
Three-month Treasury bills	5.85	6.06	5.60	6.85	5.01
Six-month Treasury bills	6.07	6.15	5.65	6.29	5.06
Three-month prime CDs	6.75	6.74	6.62	7.25	5.46
30-day Commercial Paper	6.58	6.55	6.60	7.70	5.85
90-day Commercial Paper	6.75	6.63	6.65	7.85	5.65

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	97¾	−⅛	8.50	8.48	8.24
20-year Treasury	103½	+⅛	8.95	9.08	8.65
30-year Treasury	98¾	nil	8.91	8.96	8.47
New 10-year "A" Financial	n/a	n/a	9.65	9.65	9.25
New "AA" Long utility	n/a	n/a	10.05	10.05	9.65
New "A" Long industrial	n/a	n/a	9.90	9.90	9.62

Source: Salomon Bros (estimates).

Money Supply: In the week ended July 27 M1 rose by $2bn to $749.3bn

NRI TOKYO BOND INDEX

December 1983 = 100	PERFORMANCE INDEX 6/8/87	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	135.06	5.02	136.50	141.98	134.73
Government Bonds	135.66	4.62	137.31	140.20	135.48
Municipal Bonds	135.27	5.57	136.70	140.87	134.10
Government-guaranteed Bonds	136.06	5.64	137.52	141.62	136.06
Bank Debentures	131.20	4.81	132.18	135.54	130.90
Corporate Bonds	134.95	5.74	136.49	137.80	133.95
Yen-denominated Foreign Bonds	136.34	6.34	140.12	139.12	135.12
Government 10-year†	5.61	—	5.33	3.59	5.16

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	150	99⅛	0	8.77
Aetna Life & Cas 7¾ 16	200	93½	0	8.38
AHFC O/S Fin 11¾ 94	100	100½	−⅛	11.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 15 92	150	122¼	−⅛	9.24
Pacific G&s & El 12 00	75	109¾	0	10.54
Penney J C 11¾ 90	100	101¼	0	11.34
Penney J C 12¾ 91	100	107½	0	10.40
Pepsico Capital 8⅞ 91	100	100⅛	−⅛	8.33
Petro-Canada 7¾ 96	200	86⅛	−⅛	9.65
Philip Morris 9⅞ 98	200	100⅝	−⅛	9.79
PostOch Kred 13½ 87	50	—	—	—
Postipankki 11⅛ 90	75	106	+1¼	8.42
Procter & Gam 10 95	150	103½	−⅛	9.36
Pru Rlty Secs 0 99	365	32⅞	−⅛	10.35
Qantas Airways 8⅞ 96	97	95¼	−⅛	9.81
Quebec Prov 13 90	250	109⅞	−⅛	9.29
Queensld Gvt 11⅛ 89	100	105⅝	−¼	8.47
Ralston Purina 11¾ 95	150	107½	−⅛	10.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	[illegible]	[illegible]	Chg on week	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eastman Kodak 6⅝ 01	300	128¼	+0⅛	1.22
Elders UK 5 97	75	122⅞	+0⅞	−12.69
Fanuc 3¾ 98	80	272	−26	−1.89
Fujitsu 3 99	180	176⅛	+11¼	−0.61
Gibraltar Savings 7½ 06	100	90⅝	0	28.90
ITT 4¾ 87	50	189¾	+2	−4.68
IU Intl Corpn 6¼ 2002	75	105	−1	−15.07
Lorimar-Telepics 6 01	100	85¼	−0¼	90.66
Newmont Mining 7 01	100	136⅛	+1½	−1.14
Nippon Seiko 3¼ 99	70	174⅞	+2¾	−1.38

EQUITY WARRANTS	[illegible]	[illegible]	Chg on week	Prem
IBM 6⅜ 96	300	127	−0⅛	1.36
Rockefeller Centre 0 00	952	25¾	−0⅛	−70.22
Southwest Air 6¾ 98	35	89⅝	−1	36.16
Swiss Bank Corpn 6⅞ 90	120	150	−1	−10.66
Texaco Capital 11¾ 94	500	108⅝	−2⅛	19.32
Toshiba Ceramics 3 00	50	131¼	−0⅛	−3.33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BOND WARRANTS	Expiry date	Bid price	Chg on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 8 96	1/10/88	[illegible]	−2½	9.38
Den Norske Crd 8¾ 96	8/8/89	5½	0	7.92
Denmark 12¾ 92	31/1/90	8½	0	8.11
Finnish Exp Cr 12¾ 91	21/11/89	106¾	−3¼	9.67
General Elec Crd 12 94	15/11/87	112½	−2½	9.41
McDonalds 11¼ 94	5/1/89	35	−3¼	10.26
Mitsubishi Fin 12⅜ 91	8/12/89	41¼	−5	10.19
Morgan J P 11⅜ 90	16/8/87	103¾	−2½	9.38
Nordic Inv Bank 7⅞ 96	30/10/91	45	0	8.90
Westpac Banking 12⅜ 92	31/1/90	8	0	7.74
WeyerhaeuserC 11½ 90	15/11/87	105	−2⅛	9.82
[illegible]	[illegible]	15	−1¼	10.40

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon. CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price. WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on August 7.

Two-tier share structures escape HK ban

BY KEVIN HAMLIN IN HONG KONG

THE HONG KONG authorities have backed away from any legal ban on companies creating defensive two-tier share structures but made clear at the weekend that these would be sanctioned only in "exceptional circumstances."

A special government committee argued in its report that the issue of so-called B shares—which have a lower nominal value than existing ordinary shares but carry equal voting rights—"could easily lead to a lessening of confidence in Hong Kong as a financial centre."

Hong Kong's stock exchange blocked the creation of new two-tier share structures in April, following attempts by Jardine Matheson, the territory's oldest trading house, and Hutchison Whampoa and Cheung Kong, two companies controlled by property tycoon Mr Li Ka-Shing, to use these in order to cement control of their empires.

The local investment community expressed strong disapproval of such manoeuvres, as a deluge of copycat issues was feared. This was based on expectations that local entrepreneurs would seize on B shares to retain control of their companies while at the same time moving money out of Hong Kong because of concerns over 1997, when sovereignty reverts to China.

The weekend report says the Government is opposed "to the indiscrimnate issue of shares of this kind." But it argues that the existing Companies Ordinance has sufficient provisions to protect the interests of shareholders, and states that it would be unwise to draft inflexible legislation.

The Securities Commission will now decide on criteria for future approval of B shares. The report suggests that there should be prior approval by minority shareholders, and that there should be a specific ratio between B shares and other shares.

● Jardine Matheson has placed 30m new shares with Jardine Strategic Holdings, its subsidiary, in a move that raises HK$594.6m (US$76.2m) for unspecified expansion plans.

The new shares are priced at HK$19.82 each, a 5 per cent discount on the average closing price during the last five days' trading. The transaction is the first placement of permanent equity made by Jardine Matheson in more than 10 years.

Jardine Strategic's stake in its parent consequently rises from 26.1 per cent to 29.7 per cent. Mr Simon Keswick, the chairman, said: "It allows Jardine Matheson to increase its capital base and provides funds for future expansion, while permitting Jardine Strategic to increase its long-term strategic holding in Jardine Matheson."

● The HK$254m (US$32.6m) public offer made by Oriental Press Group, publisher of Hong Kong's best-selling Chinese-language newspaper, has been confirmed as 281 times over-subscribed. It attracted a huge HK$71.5bn.

Pressure on interbank interest rates has been muted by Citibank's prior commitment to fund a large chunk of the money at a fixed interest rate. This will ensure that Oriental Press garners in excess of HK$80m in interest earnings.

Pricing of the issue was defended by Citicorp, the underwriter, which said that when Oriental's price was determined it was in line with that of Sing Tao, the existing quoted publishing group. The grey market price of Oriental shares, which were offered at HK$1 and commence trading on August 18, has already reached HK$2 each.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Sanwa Shutter Corp. ¶‡	70	1992	5	3	100	Daiwa Europe	3.000
Showa Denko ¶‡	200	1992	5	3¼	100	Nomura Int.	3.250
Mitsubishi Metal ¶‡	300	1992	5	3	100	Nikko Secs (Europe)	3.000
Fujisawa P'maceutical ¶‡	100	1992	5	3	100	Yamaichi Int. (Eur)	3.000
Ono Pharmaceutical ¶‡	150	1992	5	3	100	Nikko Secs (Europe)	3.000
Hitachi Cable §‡	60	2002	15	1¾	100	Yamaichi Int. (Eur)	1.750
Kyowa Bank §‡	100	2002	15	1¾	100	Kyowa Bk Ned./Nikko	1.750
Mitsubishi Bank §‡	300	2002	15	1¾	100	Mitsubishi Fin. Int.	1.750
NGK Insulators ¶‡	150	1992	5	3	100	Nikko Secs (Europe)	3.000
Prima Meat Packers ¶‡	70	1992	5	3¼	100	Nippon Kangyo K'maru	3.250
Nippon Oil ¶‡	300	1992	5	3	100	Nikko Secs (Europe)	3.000
Daicel Chemical Ind. ¶‡	100	1992	5	3¼	100	Nomura Int.	3.250
Sumitomo Construction ¶	50	1992	5	(3)	100	Daiwa Europe	*
Furukawa Electric ¶	150	1992	5	(3¼)	100	Nomura Int.	*
Takeda Chemical Ind. ¶	80	1994	7	(4½)	100	Nomura Int.	*
Toyota Motor Credit ‡	150	1990	3	8⅝	101 5/16	Morgan Stanley	8.115
Fuji Bank Ltd (e) ‡	50	1990	3	8⅝	100	E. F. Hutton	8.811
W. R. Grace §‡	150	2002	15	6¼	100	CSFB	6.250
CANADIAN DOLLARS							
Eksportfinans (Norway) ‡	70	1994	7	10⅝	101½	Bankers Trust Int.	10.314
SWISS FRANCS							
Yahagi Construction ¶‡**	35	1992	–	1¼	100	Wirtschafts- and P'bk	1.250
Sanyo Kokusaku Pulp **§‡	130	1992	–	½	100	SBC	0.501
Mitsubishi Bank §‡	150	1994	–	½	100	Credit Suisse	0.501
Mitsubishi Bank **§‡	250	1992	–	¼	100	Credit Suisse	0.250
Kyowa Bank **§‡	100	1992	–	¼	100	Handelsbank N'West	0.250
Kraft Inc.	150	1992	–	4¼	(100¼-¾)	Chase Manhattan Bk	*
Hanwa Co. **§‡	70	1992	–	½	100	Banca del Gottardo	*
Daikyo Kanko Co. **§‡	100	1992	–	½	100	UBS	0.501
Ryobi Ltd. **¶‡	40	1992	–	1¼	100	Credit Suisse	1.250
Asfinag ‡	150	2002	–	5	100	Credit Suisse	5.000
Gillette Capital Corp. **‡	100	1991	–	4⅜	100¼	Credit Suisse	4.306
Ando Construction **¶‡	45	1992	–	1¼	100	Bqe Paribas (Suisse)	1.250
Furuno Electric Co (d) **¶	60	1992	–	(1¼)	100	Citicorp Inv. Bank	*
Rhone-Poulenc S.A. ϕ‡	100	1995	–	2	100	Shearson Lehman Amex	2.000
Trizec Corp. ‡	100	1999	–	5	100	SBC	5.000
JCB Co. **‡	20	1992	–	4¾	99¾	Credit Suisse	4.808
Bk Gemein'schaft **‡	150	1994	–	4¾	100½	UBS	4.665
Toyo Linoleum Co. **¶	50	1992	–	(1¼)	100	SBC	*
Olivetti Int. Lux. ϕ‡	100	1996	–	2	100	UBS	2.000
Tomoe Engineering Co. **‡	12	1992	–	4¾	99¾	Fuji Bank (Schweiz)	4.808
DSL Bank ‡	100	1997	–	4¾	101	Credit Suisse	4.623
LIRE							
EIB ‡	100bn	1995	8	(c)	99¾	Mediobanca	–
LUXEMBOURG FRANCS							
Bergen Bank **‡	300	1993	6	7⅜	100	Bqe Paribas (Lux)	7.375
Sparebanken Nord **‡	300	1992	5	7⅝	100	Kredietbank Int.	7.625
DANISH KRONER							
Kredietbank (Lux) ‡	300	1991	4	10⅜	100⅞	Privatbanken	10.098
YEN							
Council of Europe †‡	10bn	1994	7	(a)	100	Daiwa Europe	–
ENEL †‡	10bn	1992	5	(b)	100.40	Daiwa Europe	–
Bank of China ‡	15bn	1992	5	5.2	99.70	Nikko Secs.	–

* Not yet priced. ‡ Final terms. ¶ With equity warrants. § Convertible. † Floating rate note. ϕ With gold warrants. ** Private placement. (a) 50 basis point below Japanese long term prime rate. (b) 55 basis points below Japanese long term prime rate. (c) Linked to average of 6m T-Bill rate and Italian bank issues plus 15bp. (d) With adjustable equity warrants. (e) Launched on U.S. domestic market. Note: Yields are calculated on AIBD basis.

Rights issue from Belgian SocGen to total BFr3bn

BY WILLIAM DAWKINS IN BRUSSELS

SOCIETE GENERALE de Belgique, Belgium's most powerful industrial holding group and the subject of recent takeover speculation, will today announce a BFr 3bn ($76.6m) rights issue.

The one-for-10 issue of 2,405,149 new shares is smaller than the company had earlier indicated. It is to be approved by an extraordinary shareholders' meeting on August 26 and will probably be launched on October 6, the group said yesterday.

Societe Generale had confirmed last month that it was planning a capital increase, pointing out that it wanted to strengthen its balance sheet after the heavy investment demands made over the past year. But contrary to earlier expectations, this year's rights issue will be much smaller than the group's last capital increase in May 1986, when it called on shareholders to provide BFr 5.8bn.

The group's net current liabilities rose from BFr 5.2bn last December to BFr 6.7bn in June. Major investments so far this year include taking part in a capital increase at Generale Bank, contributing to the restructuring of Fabrique Nationale, the Belgian arms maker and buying an interest in Alcatel, the telecommunications joint venture between CGE of France and ITT of the US.

As the lynchpin of a diversified group, Societe Generale clearly has a constant need for additional capital to support the group's expansion and restructuring efforts.

The group is proposing a separate BFr62.6m capital increase of 50,000 shares to sell to the staff. It will also ask shareholders for an increase in authorised capital of BFr20bn

Goodman and Wattie go back to court

By Dai Hayward in Wellington

GOODMAN FIELDER and Wattie Industries go back to a New Zealand court today seeking approval for their proposed merger—this time the Court of Appeal after the High Court, which has been considering an appeal by the two companies against a Commerce Commission veto on their merger, on Friday referred the proposal back to the commission.

The companies, leaders in the Australasian foods industry, have had their merger plans challenged on monopoly grounds particularly in the flour and milling sectors.

A total of 17 companies originally joined the Commerce Commission in opposition to the merger, but their objections were substantially being met by agreement from Goodman and Wattie to sell off several subsidiaries.

● Carter Holt Harvey, the New Zealand forestry group, is to pay US$62m for a 48 per cent holding in Pesquera Iquique, a Chilean fishing company, agencies add.

This increases its involvements in Chile where Copec, its existing forestry and fishing unit, at the same time produced net profits of NZ$114.2m (US$65.5m) for the six months to June, up from NZ$26.30m.

● Mr Robert Holmes à Court's Bell Group has emerged as the buyer of a 16.6 per cent stake in Pioneer Concrete Services the Australian building products and resources group. The holding was sold by FAI Insurances.

Contrasting progress at two Singapore banks

BY OUR FINANCIAL STAFF

CONTRASTING rates of earnings progress for the first half to June have been reported by United Overseas Bank (UOB) and Oversea-Chinese Banking Corporation (OCBC), two of Singapore's big four commercial banks.

After producing almost identical group net profits in the first six month s of 1986 of S$51.75m (US$24.5m) and S$51.19m respectively, UOB shot ahead by the interim stage this year to S$85.12m, a rise of nearly two-thirds. OCBC could manage an increase of little more than a quarter, to a S$64.46m net result.

Each bank is maintaining a 5 per cent per share dividend. OCBC, despite is more muted performance, drew a favourable response from the local stock market on Friday when it announced a one-for-10 rights issue, its first cash call since 1983.

Shares in OCBC rose 30 cents to S$11.30 after it set the price of the issue at a deeply discounted S$3 per share. The move will raise in the region of S$150m for the bank, which said this was needed to support expansion.

UOB shares also rose strongly, up 50 cents to S$7.60. Banks in Singapore have been widening their activities in the past two years, taking over leading roles in stockbroking following the market crash of late 1985, and developing a government securities market which began this May.

Highveld raises turnover

BY JIM JONES IN JOHANNESBURG

HIGHVELD STEEL and Vanadium, the South African steel and ferro-alloys manufacturer, increased turnover slightly in the six months to June in spite of the lack of any real increase in domestic steel consumption.

Profits dropped, however — on sales which rose to R387m ($185.6m) from R377m interim pre-tax earnings were R36m against R42.1m.

Mr Leslie Boyd, the chairman, says demand for vanadium continued at a reasonable level and hopes that Highveld will benefit when the Mossel Bay gas project creates demand for steel.

Net earnings per share dropped to 39.1 cents from 42.4 cents and the interim dividend has been maintained at 10 cents. Last year's earnings totalled 85.0 cents and a total dividend of 30 cents was paid.

Higher deficit at Mitel

BY OUR FINANCIAL STAFF

MITEL, the Canadian telecommunication equipment group 51 per cent owned by British Telecom, has reported an increased first-quarter loss, but expects a stronger quarterly sales performance in the balance of fiscal 1988.

The operating loss for the quarter of C$9.7m (US$7.3m) compared to a C$5.8m deficit a year ago. Results for the current quarter exclude an extraordinary gain of C$4m for utilisation of tax losses incurred in previous years.

Revenus fell to C$92.7m a year ago, due to demand for certain new digital products exceeding the company's expectations, resulting in supply limitations, particularly in the US market.

Sales were also adversely affected by the delay until the second quarter of BT's introduction of the SX-50 private branch exchange (PBX) to the UK, due to additional feature requirements from customers.

UK COMPANY NEWS

Chesterfield convertible breaking new ground

BY NIKKI TAIT

INSTITUTIONAL pressure appears to have finally cracked the long-standing problem over the fate of convertible shareholders when a bid arrives for their company.

Last week, property development, investment and dealing group, Chesterfield Properties, joined the list of companies curently raising cash—in this case via a placing of 30m convertible preference shares. Deep in the small print is an innovative clause which allows holders to convert on stepped terms if Chesterfield falls victim to a bid.

Normally, a successful bid is bad news for anyone holding convertible shares in the target company. The standard procedure is for investors to be able to convert immediately on the original pre-set terms and then take up whatever bid options are available.

However, because of the extra income element which attaches to convertible shares, these usually trade at a premium to their conversion price. So by being forced into early conversion, investors lose out.

The grievance is long-standing. What Chesterfield has introduced is a stepped conversion rate during the first five years after the creation of the new convertibles in the event of a successful bid arriving.

In normal circumstances, Chesterfield's new shares will be convertible on a basis of 13.245 ordinary shares for every £100 nominal of the new preference shares, on certain dates between 1990 and 2007. With Chesterfield shares trading at 695p by the end of last week, the premium is around 8.6 per cent.

However, should Chesterfield be taken over, the conversion terms become:

14.184 ordinary for every £100 nominal if the conversion date is before August 1988;

13.986 ordinary if the date is before August 1989;

13.793 ordinary if before August 1990;

13.605 ordinary if before August 1991;

And 13.423 ordinary if before August 1992.

The staggered element is designed to reflect the declining income advantage — and hence dwindling premium — on the convertibles as dividends on the ordinary grow.

Last week, Chesterfield's advisers, S. G. Warburg, said it believed this to be the first such arrangement on an issue of convertible shares. Quite who should claim the credit was less clear: there has undoubtedly been institutional pressure to ensure that holders of type of shares should not be disadvantaged in bid situations. Warburgs, however, maintains that inserting the new bid clause allowed it to achieve finer terms.

The convertible market has seen something of an upsurge recently—partly thanks to a number of sizeable issues from highly acquisitive companies like Hanson Trust, Guinness, Ward White and so on—and is now worth well over £6bn. With one victory behind them, institutional shareholders seem certain to push for similar conditions in the future.

New team for S. W. Wood

Braemar Commodities, an international metal trading group, is to be injected into S. W. Wood, the non-ferrous metal merchant and processor, as part of a complex deal which will change the controlling interest in Wood, its boardroom composition and make-up of businesses.

Braemar is owned by Mr Peter Rae, Mr P. S. Brown and Abacus, a company associated with the family interests of Mr Jeremy Taylor, the chairman of Braemar.

These three are buying a 59.7 per cent stake in Wood from Mr S. W. Wood, the chairman and managing director, who having reached the age of 73 says he wants to retire from the company. On the various deals going through, Mr Taylor will become chairman of Wood and Mr Rae will become managing director. Mr Brown will also join the board.

Braemar is to be bought by Wood for an intial £2m—£1.2m in cash and 1m shares—with a further, profit-related consideration of up to £1.7m in cash and shares. Braemar, which provides an integrated selling function for steel producers around the world, made £307,000 pre-tax profits in the year to March on turnover of £41.8m.

At the same time, Wood is to sell its loss-making non-ferrous merchanting and processing business at Bow and Hainault to Quireprice, a company indirectly controlled by Mr S. W. Wood. The price is to be £1.17m or the net asset value of the business on completion, if this is higher.

Because of the change in ownership of such a large block of shares, Messrs Rae, Brown and Taylor are required under the Takeover Code to make a general offer for the company at the same price—80p a share—they are buying the Wood holding. However, this is only a technical move, since they want to retain the company's listing and other shareholders are unlikely to accept, as Wood's share price closed on Friday at 146p, up 12p on the day.

Wood has also announced its results for the year to March 31. These show losses before tax and exceptional items of £282,000 (1986 loss £179,000) on turnover of £13.1m (£14.0m). Exceptional gains totalled £464,000 (£113,000). Earnings per share were 1.8p (1.1p) and there is no dividend.

FT Share Information service

The following securities have been added to the Share Information Service.
ABM Gold (Section: Canadians)
Caradon (Buildings)
Harland Simon (Electricals)
Lancaster (Motors, Garages)
Nationwide Bldg Soc 9¾ per cent Bonds 11/7/88 (Loans, Building Societies)
Neotronics Technology (Electricals)
Primadona (Investment Trusts)
Sonara Gold (Canadians)
Therco Resources (Mines, Misc)
Thornton Pacific Inv SA (Ord and Warrants) (Investment Trusts)
UPL Group (Third Market)
Welsh Indl Inv Trust (Investment Trusts)

No credible alternative claim from Trafalgar

Trafalgar House, the shipping, property and construction group, claimed at the weekend that the management committee of the Pension Fund Property Unit Trust had not yet formulated a "credible alternative" to its bid for the trust.

The charge came in a circular to unit holders who will decide at an extraordinary meeting this Thursday whether to accept Trafalgar's increased and final offer or the committee of management's alternative scheme of incorporation and listing of the trust.

The Trafalgar bid needs a 75 per cent majority for acceptance, while the management's proposals need a 50 per cent majority.

Trafalgar said in the letter that it had now canvassed the views of the holders of a majority of units "and their response to our offer has been encouraging." The proposals for incorporation put forward by the management committee had not been developed and offered no premium to certificate holders, it added.

New London expands in oil services sector

New London Oil is expanding its involvement in the oil services sector with the $9.78m acquisition of a majority interest in KenCope Energy Companies, which is listed on NASDAQ.

KenCope engages in oil and gas exploration, production and development and in completion and workover well services and oil field tool rentals, principally in Texas and Louisiana.

The deal, for which a letter of intent has been signed, involves a $2.8m cash injection into KenCope by way of 10-year debentures at 5 per cent, convertible to 862,000 shares of KenCope at $3.25 per share. Mr Kenneth Ford, chairman of KenCope, will resign and sell his 1.7m shares in the company to New London at $3.25.

David Waller discusses the rapid expansion of Norfolk Capital

A further step up market

STOCKBROKERS admit to being mystified when they confront the Norfolk Capital Group, the hotelier which has this month launched a one-for-three £44m rights issue to buy the St James's Clubs from Mr Peter de Savary.

"A perennial special situation," said one analyst. "Impossible to value it on fundamentals," confessed another.

Sir Maxwell Joseph the late and legendary founder of Grand Metropolitan, would be equally bemused were he to see Norfolk today. Norfolk was one of his five quoted stockmarket vehicles and had a market capitalisation of just £2.5m when his son-in-law, Mr Peter Eyles, was appointed managing director in 1982.

Following the rights issue the company's market value will be nearer £200m. It has been able to grow so fast because it has turned takeover speculation to its own advantage.

Swollen by bid rumours, Norfolk's share rating has become truly astronomical: if the company makes profits of £4.7m in the current year, the shares at 42p are on a prospective multiple of 35, based on eps of 1.2p. This falls no further than 28 if it makes £7.6m next year (eps 1.5p).

This compares with a historical multiple of some 23 for the Mount Charlotte Group, a larger and longer established hotel group where margins typically exceed 30 per cent. At the interim stage, Norfolk mustered an improvement in its margins of a third — but only to 12.4 per cent.

Bulls says that this merely indicates how much scope there is for improvement. Certainly, the recently refurbished Norfolk Hotel in South Kensington, and the Royal Court in Sloane Square, will take some years to come to full profits potential. And Mr Eyles believes that better staff-training, decentralised management and more effective marketing will help acquisitions perform better under the Norfolk banner.

Rather than just waiting for a bid to materialise. Norfolk has taken the opportunity to enhance its earnings by exploiting its heady rating. It has itself gone out on the acquisition trail.

Mr Peter Eyles, chairman of Norfolk Capital

The purchase of the St James Clubs — for £22.1m — is the fourth acquisition involving a major issue of shares within a year. In September, Norfolk made a one-for-one rights issue to buy two Edinburgh Hotels from Guinness for £20m. In January, it issued a further 61m shares to finance the £15m purchase of four country-house hotels. In May, a further 15m shares were issued when Norfolk bought the Royal Crescent Hotel in Bath, for £7.5m.

In total, Norfolk's equity has grown from 19m to 410m shares since Mr Eyles joined the company. By making acquisitions for shares, and by judicious shuffling of its hotel portfolio, Norfolk has been transformed. No longer does it serve primarily the cyclical mass-leisure market. Most of its clients are businessmen and prosperous individuals.

The 4,000 members of the London St James Club clearly occupy the same comfortable niche. Although the club is not quite as exclusive as its near-neighbour White's—anyone can join, said Mr de Savary when he sold it, so long as they are polite to staff—room rates range from £130 to £700 a night. Not for the stray American tourist, such as may be deterred by mere Libyan bombing or a Chernobyl. Norfolk's relative invulnerability to such factors helped profits grow by 40 per cent last year.

Norfolk's aggressive expansion bears all the hall-marks of Morgan Grenfell, the company's merchant bank. In this case, the relationship between bank and client is closer than usual due to the fact that Mr Anthony Richmond-Watson, a Morgan Grenfell director, has been Norfolk's chairman since May last year.

It is undeniable that Norfolk's most rapid period of growth coincides with Mr Richmond-Watson's presence on the board. But Mr Eyles rejects the suggestion that Mr Richmond-Watson (adviser to Guinness during its bid for Bells) used his influence with Mr Ernest Saunders, then the drinks giants' chief executive, to secure the Caledonian and North British Hotels for Norfolk last September.

"There was an auction by telex and the highest offer won," Mr Eyles said.

Analysts assume that Scottish & Newcastle Breweries was peeved at not acquiring the two hotels, which would have made ideal flagships for a hotel division. S&N went on to acquire a 4.9 per cent stake in Norfolk which led to a 15-minute meeting between the two parties in January, during which Norfolk stated its desire to remain independent.

Speculation that S&N would make a bid was only killed off last month when the brewer sold its entire stake. "Fundamentally overvalued," Mr Alick Rankin, S&N's chief executive, said at the time. When Norfolk announced interim profits up 220 per cent a fortnight ago, Mr Eyles begged to differ. "I believe," he said, "that S&N sold their shares for a lot less than they're trading now."

Where the stake went has not been disclosed. Nor is it known precisely what happened to the Kuwaiti Investment Office's 14 per cent stake, placed at 39½p a share in mid-July. Market cognoscenti suggests that neither holding ended up in the hands of yet another predator, rather that the shares were distributed among 40 or 50 institutions.

If the prospect of a bid is now more remote than it has been for some time, can the shares' high rating be sustained on trading grounds alone? This question must be vexing those shareholders wondering whether to take up their rights at 45p a share, which, given last week's market slump, is 3p above Friday's closing price and a significant premium to the company's estimated asset value of 33p per share subsequent to the St James's acquisition.

Patient investors will wait to see how the other half of the money raised in the rights issue is deployed. Those of a more speculative bent will want to know what happens to the shares that Sir Maxwell's widow, Lady Joseph, sells in order to take up some of her entitlement to rights on her 27.4m shares.

FINANCIAL TIMES STOCK INDICES

	August 7	August 6	August 5	August 4	August 3	July 31	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.94	86.42	87.70	87.44	87.32	87.66	93.32	84.49	127.4	49.18
Fixed Interest	96.26	96.49	96.24	96.38	96.34	96.36	99.12	90.25	150.4	50.53
Ordinary	1726.9	1754.1	1796.6	1788.6	1816.1	1852.5	1926.2	1320.2	1926.2	49.4
Gold Mines	462.4	468.5	480.7	497.5	489.6	472.8	497.5	288.2	734.7	43.5
FT-Act All Share	1129.44	1149.91	1176.13	1173.23	1188.43	1202.19	1238.57	835.48	1238.57	61.92
FT-SE 100	2226.2	2261.4	2317.4	2307.8	2334.3	2360.9	2443.4	1674.5	2443.4	986.9

Ratners bids

Ratners Group's bid for Ernest Jones, the jeweller, has received acceptances covering 90.74 per cent of the capital and been declared unconditional in all respects.

Its tender offer for Sterling, the US group, received tenders covering 99.79 per cent of the shares in issue.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims: BBA, Jamesons Chocolates, Process Systems, Relyon, Transport Development.

Finals: Alias Investment Trust, Brunning, Estates Property Investment, Finlan.

FUTURE DATES

Interims—

Blagden Industries	Aug 17
German Smaller Companies Investment Trust	Nov 4
Palma	Aug 26
Technology Project Services	†Sept 8
Unidare	Aug 18
Vogelstruisbult Metal	Aug 11
Wilson (Connolly)	Sept 2

Finals—

Abbey	Aug 13
Gold Fields of South Africa	Aug 18
Highgate and Job	Aug 14
Lawrie	Aug 17
New Witwatersrand	Aug 11
Saville Gordon (J.)	Aug 12
Sedgwick	Sept 4
Victor Products	Aug 13

† Amended.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*BAT Inds	Sept 1	Interim 5.5
*BBA	Aug 10	Interim 1.0
*BICC	Sept 8	Interim 3.5
BTR	Sept 10	Interim 3.5
Blue Circle	Aug 27	Interim 6.0§
Booker	Sept 8	Interim 4.75
Bowater Inds	Sept 11	Interim 4.0
British Aerospace	Sept 10	Interim 6.4
BP	Aug 28	Interim 12.0§
Burmah Oil	Sept 11	Interim 4.5
Cadbury Schweppes	Sept 4	Interim 1.8
*Commercial Union	Aug 12	Interim 5.2
Costain	Sept 10	Interim 7.0§
*De Beers	Aug 18	Interim 20c
*General Accident	Aug 11	Interim 10.0
General Mining	Sept 11	Interim 80c
*Guardian Ryl Exchange	Sept 2	Interim 10.0
Glynwed	Aug 5	Interim 3.6
*Gold Flds SA	Aug 18	Final 10.5c
*Hillsdown	Sept 2	Interim 1.4§
Ibstock Johnsen	Sept 8	Interim 1.7¶
Jaguar	Aug 18	Interim 3.3
*Ladbroke	Aug 27	Interim 5.5
*Marley	Aug 27	Interim 1.4
*Pearl	Aug 26	Interim due
*Pearson	Aug 17	Interim 5.0
P & O	Sept 3	Interim 7.5
*Prudential	Sept 9	Interim 10.0
*Rolls-Royce	Sept 10	Interim due
Rowntree	Sept 11	Interim 4.4
*Royal Ins	Aug 13	Interim 10.5
*Sedgwick	Sept 4	Final 4.0
Shell Transport	Sept 11	Interim 13.5
*Smith and Nephew	Aug 12	Interim 0.83
*Smith (W. H.)	Aug 19	Final 4.0
*Standard Chartered	Aug 18	Interim 12.5
Sun Alliance	Sept 3	Interim 7.5
Taylor Woodrow	Aug 26	Interim 2.25
*Turner and Newall	Sept 9	Interim 2.5
*Ultramar	Aug 12	Interim 2.0
Wms Hldgs	Sept 1	Interim 5.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

APPOINTMENTS

Sun Alliance life division change

SUN ALLIANCE has strengthened its head office management tem responsible for its branch network in the intermediary market in which it writes over 80 per cent of new business. The life division of Sun Alliance has a well established specialist life branch network which was formed in the early 1970s. There are now 14 main branches and 27 local branches. In all a total of 900 staff are employed, including 250 broker consultants. As from July 1 there are four life agency managers, each of whom will have responsibility for a group of life branches. The appointments with their respective branches are shown below: Mr D. P. Graham, City, West End, Watford, East Anglia, Leicester; Mr H. E. Herman, South East, Brighton, South Central; Mr P. Irving, Midlands, Western, South Wales; and Mr E. Wetherall, North West, North East, Scotland and N. Ireland.

★

Mr Tom Atkin has been appointed sales director at PHILIPS COMMUNICATIONS & SECURITY.

★

Mr Simon Brewer has been appointed to the board of JARRETTS. His particular function will be to develop the private client portfolio side.

★

Mr Martin English has been appointed a director of WS ATKINS & PARTNERS and has taken over as regional director in the north-west, at Warrington. He was commercial manager.

★

WILLIAMS HOLDINGS has appointed Mr John Newens as operations director and general manager of Polycell Products. He is being promoted from another Williams Holdings subsidiary—The Rawlplug Company, where he has been group sales and marketing director since 1981.

★

At COMMERCIAL UNION ASSURANCE the overseas division will be replaced by Commercial Union Overseas, with responsibility for all territories within Africa, Australasia, Caribbean, Far East, Middle East, Pakistan and South America, and Commercial Union Europe, with responsibility for all territories within Europe excluding UK, Republic of Ireland, and the Netherlands. The executives are: Mr Leslie Hammick, general manager and director; Mr James Rattray, group overseas manager responsible for Commercial Union Overseas; Mr Michael Ford, group European manager responsible for Commercial Union Europe; Mr William Hazelden and Mr Peter Poxon, assistant group overseas managers; Mr Sebastian Salama, assistant group European manager; Mr John Amos and Mr John Pocock, regional managers overseas; Mrs Patricia Rawlins, regional manager Europe; and Mr John Neill, underwriting and claims manager.

★

Mr Michael T. Welch, who has been heading divisions supporting international energy lending and highly focused corporate finance transactions at CITICORP, has been appointed country corporate officer for the UK and head of the Northern Europe region for Citicorp's Institutional Bank. He succeeds Mr Charles B. Young, who is leaving Citicorp to head UK operations of Olympia & York Developments, a Canadian real estate company.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 7 1987					THURSDAY AUGUST 6 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	153.85	−0.2	145.51	146.22	2.46	154.20	145.02	146.51	154.41	99.92	73.26
Austria (16)	95.31	−0.8	90.15	93.27	2.22	96.13	90.40	93.82	101.62	85.53	89.56
Belgium (48)	126.40	+0.0	119.55	122.82	3.91	126.39	118.86	122.34	133.44	96.19	86.77
Canada (132)	139.05	−0.3	131.52	133.51	2.12	139.41	131.11	133.61	139.85	100.00	97.83
Denmark (39)	112.51	−0.8	106.41	110.17	2.53	113.42	106.66	110.25	124.10	98.18	96.16
France (121)	104.78	−0.8	99.10	103.63	2.74	105.64	99.35	103.99	121.82	98.39	91.62
West Germany (92)	101.32	+0.0	95.83	99.53	1.90	101.28	95.25	99.15	101.32	84.00	88.55
Hong Kong (45)	141.60	+0.8	133.93	142.00	2.57	140.42	132.06	140.79	141.60	96.89	77.08
Ireland (14)	131.88	−2.2	124.74	131.28	3.44	134.92	126.88	133.55	145.41	99.50	89.61
Italy (76)	90.30	−1.8	85.41	92.39	1.98	91.94	86.46	93.69	112.11	90.30	95.80
Japan (458)	135.35	+0.5	128.02	129.62	0.52	134.67	126.65	128.84	161.28	100.00	92.03
Malaysia (36)	192.55	+1.4	182.12	188.60	1.98	189.84	178.53	186.00	192.55	98.24	80.71
Mexico (14)	291.07	−1.1	275.30	460.65	0.65	294.37	276.83	461.69	309.34	99.72	64.52
Netherland (38)	127.44	−0.3	120.53	123.74	3.58	127.81	120.20	123.64	128.35	99.65	94.56
New Zealand (26)	113.39	+0.9	107.25	104.87	2.82	112.33	105.64	104.15	113.39	83.93	71.06
Norway (24)	164.25	+1.0	155.35	153.66	1.78	162.57	152.89	151.54	164.25	100.00	93.85
Singapore (27)	171.08	+1.5	161.81	166.59	1.49	168.62	158.57	164.15	171.08	99.29	81.77
South Africa (61)	184.88	−2.0	174.87	135.88	3.07	188.60	177.36	137.44	198.09	100.00	72.11
Spain (43)	139.22	+0.7	131.68	135.37	2.93	138.23	130.00	133.78	144.48	100.00	89.37
Sweden (33)	120.97	−0.8	114.42	117.97	1.97	122.00	114.74	118.48	124.68	90.85	95.43
Switzerland (53)	104.38	−0.1	98.73	101.73	1.64	104.44	98.22	101.17	104.91	92.01	85.14
United Kingdom (335)	142.36	−2.3	134.65	134.65	3.27	145.74	137.05	137.05	162.87	99.65	90.90
USA (590)	131.79	+0.4	124.65	131.79	2.77	131.32	123.50	131.32	131.79	100.00	98.90
Europe (932)	120.50	−1.3	113.97	116.61	2.81	122.07	114.80	117.55	128.35	99.78	90.79
Pacific Basin (686)	136.25	+0.5	128.86	130.59	0.68	135.58	127.51	129.83	158.77	100.00	90.77
Euro—Pacific (1618)	130.00	−0.2	122.96	125.02	1.47	130.23	122.48	124.94	143.65	100.00	90.78
North America (722)	132.18	+0.3	125.02	131.91	2.74	131.75	123.90	131.47	132.18	100.00	98.85
Europe Ex. UK (597)	106.94	−0.4	101.15	105.49	2.43	107.39	100.99	105.48	108.64	98.02	90.76
Pacific Ex. Japan (228)	147.28	+0.3	139.30	142.33	2.45	146.78	138.04	141.83	147.28	99.92	75.07
World Ex. US (1825)	131.02	−0.2	123.92	125.69	1.52	131.29	123.47	125.64	143.38	100.00	90.81
World Ex. UK (2080)	130.20	+0.3	123.15	127.48	1.87	129.85	122.11	127.00	133.61	100.00	94.27
World Ex. So. Af. (2354)	130.93	+0.0	123.84	128.03	2.00	130.89	123.09	127.81	135.02	100.00	94.10
World Ex. Japan (1957)	129.36	−0.2	122.35	127.37	2.75	129.65	121.93	127.44	130.00	100.00	94.89
The World Index (2415)	131.27	+0.0	124.16	128.13	2.01	131.26	123.44	127.92	135.15	100.00	93.96

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.
CONSTITUENT CHANGE: Rexnord Com. (US) has been deleted.

EUROPEAN OPTIONS EXCHANGE

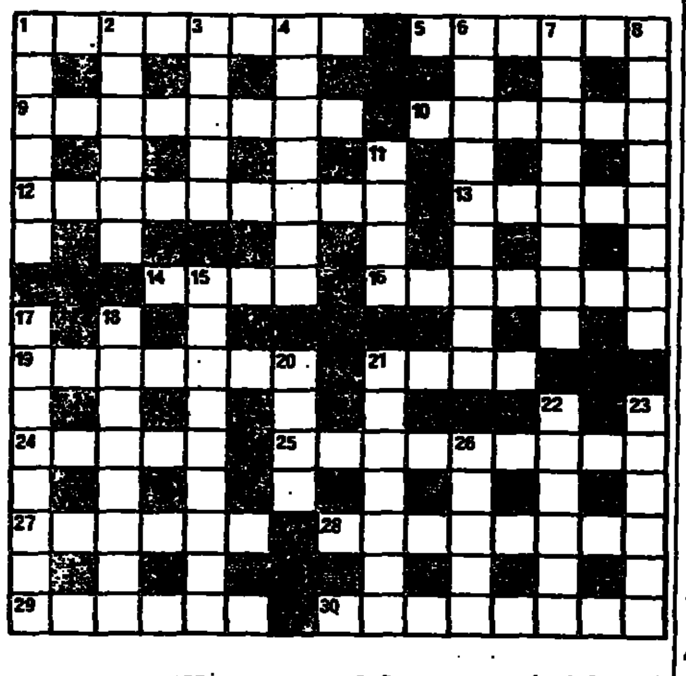
Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$460	46	8.50	17	30	211	38.50	$464.30
GOLD C	$480	106	3.50A	214	18	11	28	"
GOLD C	$500	58	1.40	591	13	—	—	"
GOLD C	$520	3	0.50	188	8	2	16.50	"
GOLD P	$420	—	—	132	3.40A	—	—	"
GOLD P	$440	60	1	2	6.50	—	—	"
GOLD P	$460	44	6.20	5	14	—	—	"
		Aug 87		Sep 87		Oct 87		
S/FL C	FL205	3	7	23	7.50	—	—	FL212.60
S/FL C	FL210	21	2.80	40	4.20	—	—	"
S/FL C	FL215	70	0.60B	9	1.80	14	2.70	"
S/FL P	FL205	4	0.4	—	—	40	1.40	"
S/FL P	FL210	10	0.80	27	2	2	3.10A	"
S/FL P	FL215	—	—	50	4.30	5	5.70A	"
		Dec 87		Mar 88		Jun 88		
S/FL C	FL200	90	12.50	19	12.20B	10	13.20	FL212.60
S/FL C	FL205	32	8.50	7	9.30B	—	—	"
S/FL C	FL210	55	5.90	6	7	13	7.50	"
S/FL C	FL215	102	4.80	18	4.60	9	5.70	"
S/FL C	FL220	21	2.20	—	—	3	4.20	"
S/FL P	FL200	30	1.80	—	—	—	—	"
S/FL P	FL205	13	3.10	—	—	—	—	"
S/FL P	FL210	29	4.90A	17	7.50	—	—	"

		Oct. 87		Jan. 88		Apr. 88		
ABN C	FL520	587	10.30	20	20	5	25	FL502
ABN P	FL480	59	9.10	2	17	10	21.80	"
AEGON C	FL100	450	3.70	15	5.70	—	—	F98.90
AHOLD P	FL105	66	3.50B	4	5.30	—	—	FL108
AHOLD C	FL109.10	10	4.70	—	—	—	—	"
AKZO C	FL170	1130	10.30	226	15	13	18.50	FL174.30
AMEV C	FL75	528	1.70A	50	2.60	8	4.50A	FL69.30
AMEV P	FL70	46	4	15	4.20	—	—	"
AMRO C	FL80	708	6.50	94	8.50	10	11	FL86.40
AMRO P	FL80	103	1.80	5	2.50	—	—	"
ELSEVIER C	FL70	1272	3.90	285	6.20	17	7.50	FL64
GIST-BROC C	FL55	1068	3.10	450	4.40A	98	5.50	FL53.50
GIST-BROC. P	FL50	121	1.70	125	3	47	3.50	"
HEINEKEN C	FL190	147	12.30	31	17.50	1	19	FL197
HEINEKEN P	FL180	45	2.50	3	4.20B	—	—	"
HOOGOVENS C	FL45	430	7	130	8	23	9.30	FL49.80
HOOGOVENS P	FL45	242	2.20	45	2.90	—	—	"
KLM C	FL60	1486	2	280	3.50	35	4.20B	FL57.20
KLM P	FL55	313	2.90	30	3.70	12	4.80	"
NEDLLOYD C	FL190	491	11.50	—	—	—	—	FL185.80
NEDLLOYD P	FL180	192	11.30	16	16.30	10	17.50	"
NAT.NED. C	FL75	624	6.40A	18	8.80	—	—	FL80.50
NAT.NED. P	FL75	236	1.60	24	3.10	—	—	"
PHILIPS C	FL60	1732	1.20	610	2.70	583	3.60	FL55.50
PHILLIPS P	FL55	213	1.90B	127	3.10B	5	4.20	"
ROYAL DUTCH C	FL290	1219	10.40	307	17	10	20.10	FL288
ROYAL DUTCH P	FL280	358	6.80	65	9	56	10	"
ROBECO C	FL105	23	8.40	5	11	—	—	FL112.20
UNILEVER C	FL144	465	6.90	630	11	—	—	FL144.10
UNILEVER P	FL140	72	3.80	22	5.40	—	—	"

TOTAL VOLUME IN CONTRACTS: 62,293

A=Ask B=Bid C=Call P=Put

FT CROSSWORD PUZZLE No. 6,400



ACROSS

1 Medal, thus allowed in, is no longer used (8)
5 Threaten devil with death? (6)
9, 10 Usual weight attached to pipe fittings, start of an early line (8-2-4)
12, 13 We can inflate: I mistranslated (9.5)
14 Complacent, sticks the other way (4)
16 Feeling of guilt about code (7)
19 Risk article being removed from small beard (7)
21 Relative of a crazy nut (4)
24, 25 Dismiss both teams at cricket? Impossible situation (5,6-3)
27, 28 Give the passage a rub between wars (6,8)
29 Article about Reagan's chair? (6)
30 Transfusion on old web, possibly (3,5)

DOWN

1 Become hardened to loss if you take part (6)
2 Sensible about part of London square (6)
3 Compare sound of fungoid growth (5)
4 Sounding horn in London (7)
6 Dwarf missile? (9)
7 Most of US state comes in before for good (8)
8 Princess's bloomer, an awful thing (8)
11 Aspersion on a musical passage? (4)
15 Falls on the Nile (former name): round river a lot is possible (9)
17 From the time when, endlessly, I placed part of head (8)
18 Paul's art displayed on the shape of a kitchen implement (8)
20 Instrument for sealing (4)
21 Solvent with top quality sound? (7)
22 Nail, one, round, for type of couch (6)
23 Very hot on a hill—journey unfinished (6)
26 Pulse for broth? (5)

The solution to last Saurday's prize puzzle will be published with names of winners next Saturday.

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	9	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	10
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'antee	9½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd.	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶10.4
Bank Credit & Comm	9	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Cyprus	9	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	9	Girobank	9	Unity Trust PLC	10
Bank of India	9	Grindlays Bank	‡10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	10	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	9		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.31%. Sumwise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 10.5%.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
245	100	28/8	147	132	BAA	132	−3	L6.6	2.4	3.3	17.3
††	F.P.	—	84	65	BHP Gold Mines A$0.25	78	......	—	—	—	—
§110	F.P.	14/8	163	111	Babygro 10p.	160	......	R2.4	3.2	2.1	19.1
▓	F.P.	—	46½	29	Cauldon 5p	29	−4	—	—	—	—
§120	F.P.	31/7	195	150	♦Colorvision 5p.	171	−4	R2.2	2.7	1.8	28.5
§92	F.P.	26/8	190	157	♦Cook (D.C.) 5p	170	−5	u2.85	2.4	2.3	24.8
§82	F.P.	—	100	84	Crosby (James) 10p.	84	......	R1.75	3.4	2.8	14.3
170	F.P.	28/8	216	205	Debenham Tewson 5p.	205	−8	L3.25	2.3	2.2	27.6
§100	F.P.	25/8	130	116	♦Economic Forestry	121	−5	R3.0	2.5	3.4	16.1
§50	F.P.	—	57	55	*Gardner (J) 5p	57	......	R1.25	2.3	3.0	19.7
140	F.P.	21/8	191	178	♦Graham Motors 5p.	178	......	L3.5	3.5	2.7	14.5
¶¶	F.P.	10/8	285	257	Grahams Rin'l Inv Tst 5p.	257	−8	—	—	—	—
§150	F.P.	31/7	190	150	♦Hey and Croft 10p.	165	−3	R3.85	3.4	3.1	12.8
¶¶	F.P.	—	383	335	Hogg Robinson PLC	354	−10	R4.0	2.7	1.5	32.9
§20	F.P.	—	34	29	*Honorbilt	29	−3	—	—	—	24.4
§185	F.P.	9/9	250	223	Kentish Property 5p.	223	−7	r3.75	3.3	2.3	17.8
§140	F.P.	26/8	215	188	Kingsgrange 10p	197	......	42.25	2.6	1.6	29.9
§100	F.P.	—	145	120	Kingston Oil & Gas 50p	120	−13	—	—	—	—
§65	F.P.	—	87	70	*Lynx Technology 5p	75	+5	—	—	—	—
100†	F.P.	—	125	115	*Medirace 10p	122	−3	—	—	—	—
§295	F.P.	—	346	285	Monarch Res. 10p.	285	−20	—	—	—	—
§110	F.P.	4/8	281	185	♦Parkway 5p.	260	-5	R1.5	4.2	0.8	41.0
§70	F.P	26/8	118	96	♦Rural Planning 3p.	96	−5	R1.6	2.9	2.3	20.8
§35	F.P	—	70	35½	♦SEP Ind'l. Hldgs. 5p.	61	......	—	—	—	28.4
§63	F.P.	31/7	89	76	♦Shelton (Martin) 10p.	78	−2	u1.75	2.3	3.1	19.5
—	F.P.	—	177	168	USDC Inv. Trust £1	168	.....	H1.3	—	1.1	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100p	F.P.	21/8	113p	106p	♦Avesco Cum. Ptg Cnv Red Prf 1997	106p	−2
100p	30p	23/10	33½p	30½p	Beazer (C.H.) 8.67pc Cum. Red. Prf.	31p	......
‖	Nil	—	22pm	8pm	Brent Walker 6% Cum. Cnv. Red Prf £1	8pm	−3
‖	F.P.	14/9	119p	100p	Crest Nich'lson 5½% Cnv Cum Red Prf £1	100p	......
§100	£10	10/9	9	7	Essex Water 9⅞% Red. Deb. '97-99	7	......
‖	Nil	11/9	29pm	9pm	Euro Home 5¼% Cnv Cum Red Prf 2006/11 £1	9pm	−1
§	25p	11/9	25p	24p	Do. 8⅞% Cum. Red. Prf 2001/05	24p	−1
§	£50	11/9	50¾	42⅛	Govett Strategic Inv Tst 9⅞% Deb 2017	42⅛	−2⅜
¶¶	F.P.	10/8	38p	35p	Grahams Rintoul I.T. Ptd. 20p	35p	−1
100½	£10	17/9	10	10	Lee Valley Wtr. 7⅛% Red. Prf. 1997/98	10	......
‖	F.P.	7/9	108¼	100	Lon. Shop Prop. 7% Cnv. Uns Ln 2001/06	100	......
§98.471	£30¼	22/1	30⅞	23	Lynton Prop & Rev 10¼% 1st Mtg Deb 2017	23	−1¼
‖	F.P.	26/8	116p	106p	Magnet&Sthens.5.625%CnvCumRedPrf2012	106p	−4
§100	£10	10/9	10	7	Mid Kent Water 9⅞% Red. Deb. '97-99	10	......
—	F.P.	—	100⅛	99⅞	Nationwide 9⅞% Bds. 11/7/88	100⅛	......
—	F.P.	—	100	100	Do. 10% Bds 1/8/88	100	......
—	£25	11/11	25½	20¼	North Housing Assoc. 8¼% Gtd.Ln.2037	20¼	......
—	F.P.	—	270p	244p	Do. Zero Corp. Ln. 2027	244p	......
‖	Nil	—	6pm	¼pm	Norton Opax 5¾% Cnv. Red. Prf. 2002 £1	¼pm	−¼
§95.221	£25	2/10	26	16¼	Peachey Property 9½% 1st Mt.Deb.2015	16¼	−¼
¶¶	F.P.	—	133p	100p	Rialto 5¼pc (Net) Cnv. Cum. Red. Prf.	100p	−1
‖	Nil	—	5pm	3¼pm	Temple Bar I.T. 6%Cnv.Uns.Ln.2002	3¼pm	......
—	£10	24/9	12½	10	Wrexham&E.Den.Wtr7¼%Red.Prf.96/98	10	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
18	Nil	—	230pm	190pm	♦Acsis Jewellery 10p	190pm	−20
20	Nil	—	143pm	96pm	Baynes (Charles) 10p	96pm	−5
50	Nil	—	22pm	12pm	Benchmark 20p.	20pm	......
200	Nil	4/9	190pm	100pm	Copson (F) 5p.	100pm	−17
58	Nil	15/9	225pm	210pm	DSC 10p.	210pm	−10
125	Nil	11/9	21pm	3½pm	Dobson Park 10p.	3½pm	−1½
435	Nil	28/8	145pm	105pm	Domino Print Sc. 5p.	105pm	−15
¶¶	Nil	4/9	74pm	24pm	ERA Group 5p.	24pm	−16
25	Nil	11/9	16¼pm	6¼pm	Elswick 5p.	10½pm	−1½
210	Nil	11/9	95pm	65pm	Euro. Home Prods. 5p	65pm	−3
60	Nil	—	3pm	2pm	♦Floyd Oil 10p	2pm	......
30	Nil	—	110pm	75pm	♦Glentree 10p.	75pm	−10
500	Nil	15/9	70pm	20pm	Joseph (Leopold) £1	20pm	−10
180	Nil	19/8	115pm	93pm	Lee Cooper	93pm	−7
175	Nil	—	48pm	28pm	♦Lorin Elec.	46pm	......
310	Nil	—	20pm	14pm	Ransers 10p	15pm	......
360	Nil	4/9	95pm	80pm	Tiphook 10p.	80pm	......
490	Nil	16/9	40pm	6pm	Value & Income Units	33pm	−5
48	Nil	4/9	22pm	3pm	W. A. Hldgs 10p.	3pm	−3

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. n Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued as £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	117.6	124.8	+0.8	0.75
(Accum Units)	123.2	130.3	+0.9	0.75
British Star Co's Fund	49.0	51.8	-1.2	0.40
(Accum Units)	49.0	51.8	-1.2	0.40
American Sm Cos Fd	55.9	59.1	+0.3	0.47
(Accum Units)	55.9	59.1	+0.3	0.47
American Income	53.8	56.9	+0.2	3.96
(Accum Units)	58.7	62.1	+0.3	3.96
European Growth	158.0	167.2	+0.2	2.53
(Accum Units)	163.5	173.0	+0.2	2.53
European Income	84.6	89.3xd	-0.3	3.38
(Accum Units)	88.5	93.4xd	-0.4	3.38
General	558.1	578.9	-10.9	1.49
(Accum Units)	596.3	651.0	-18.2	1.49
Gilt	86.0	86.4	+0.2	7.61
(Accum Units)	102.5	102.8	+0.3	7.61
Global Fund	51.9	54.9	-0.1	0.10
(Accum Units)	51.9	54.9	-0.1	0.10
High Interest Fund	43.1	45.6xd	-0.8	0.20
(Accum Units)	43.5	46.0xd	-0.8	0.20
High Income Fund	50.2	53.1xd	-1.1	4.50
(Accum Units)	51.0	53.9xd	-1.2	4.50
Income	118.3	125.1	-3.5	2.89
(Accum Units)	133.9	140.8	-4.1	2.89
International	309.5	327.2	+1.5	1.25
(Accum Units)	387.0	409.5	+1.8	1.19
Japan	202.1	215.0	+1.0	0.57
(Accum Units)	207.5	220.7	+1.1	0.57
Pacific Fd	61.5	64.8xd	+0.1	0.10
(Accum Units)	61.3	64.8xd	+0.1	0.10
Recovery	298.3	315.4	-9.9	1.58
(Accum Units)	324.5	343.3	-10.8	1.58
UK Smaller Co's Fd	52.7	55.7	-1.1	0.20
(Accum Units)	52.7	55.7	-1.1	0.20
Europe	54.3	56.6	+0.4	0.10
(Accum Units)	563.0	577.4xd	+0.8	2.95

Merlin Fund Mngmt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin July 29	659.0	667.0	—	1.04

Metropolitan Unit Trust Mngrs Ltd
9 Darkes Lane, Potters Bar EN6 1AJ 0707 45184

UK Income Fund	62.1	66.0	-1.8	4.55
Accum Units	62.1	66.0	-1.8	4.55
UK Growth Fund Acc	58.8	62.6	-1.7	1.60
Global Income Fund	49.8	52.9	-0.1	3.78
Accum Units	49.8	52.9	-0.1	3.78
Global Growth Fund	49.6	52.7	+0.1	0.47

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	122.9	130.3xd	-4.7	1.35
(Accum Units)	169.6	180.0	-6.6	1.35
Commodity & Gen.	201.6	213.9	-2.9	1.37

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Link Line 0800 010345

Holborn Comm Tst	80.8	86.3xd	—	0.36
Holborn Equity Income	75.2	79.9	—	3.24
Holborn Equity Tst	608.5	638.8	—	2.11
Holborn European Tst	123.8	130.9	—	0.63
Holborn Gilt Tst	209.2	278.7	—	2.18
Holborn High Inc Tst	91.9	96.4xd	—	4.47
Holborn Ind Grth Tst	125.8	130.9xd	—	0.67
Holborn Japanese Tst	130.6	138.1	—	0.04
Holborn N. Amer. Tst	100.1	105.9	—	0.46
Holborn Sm Cos Tst	82.0	86.7	—	1.34
Holborn Spec Sits Tst	106.8	113.0xd	—	1.29
Holborn UK Growth Tst	120.3	127.5	—	1.47

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	656.1	694.3	-43.0	1.41
Quadrant Income	323.3	342.0	-22.1	3.89
Quadrant Intl. Fund	470.8	498.3	+14.2	1.00
Quadrant Spec. Sits	450.7	477.0	-56.8	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	234.9	249.6	-13.5	2.30
Reliance Unit Tst (Inc)	163.7	174.1	-9.8	1.86
Reliance Ut Tst (Acc)	220.5	234.5	-12.1	1.86

Rossbury Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Unimed. Growth Trust	52.5	55.5	+0.5	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2983/4

NC America (Inc)	336.6	358.0xd	+2.2	0.78
NC America (Acc)	370.7	394.3	+2.5	0.78
NC Inc Fd.	118.0	125.5	-11.7	2.97
NC Japan Fd.	207.0	220.2	+1.0	0.0
NC Major UK Cos Fd.	66.5	70.7	-4.8	1.86
NC Smllr Australasian	93.0	98.9	+0.2	0.30
NC Smllr Canadian CoFd.	51.3	54.5	—	0.89
NC Smaller Cos	232.7	247.5	-20.8	0.92
NC Smaller European	198.9	211.4	+0.9	0.31
NC Prop.*	157.2	171.4	—	(z)

*Unauthorised Unit Trusts
For Rowan see Merlin

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6222

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	453.9	477.8	..	—
Property	282.1	296.9	—	—
Equity	579.7	610.2	—	—
Gilt Edged	356.9	375.7	—	—
Deposit	205.1	215.9	—	—
Investment	246.6	259.9	—	—
International	439.1	462.2	—	—
Pension Fund Prices				
Managed Int.		330.8	—	—
Do. Accum.		405.4	—	—
Property Int.		244.4	—	—
Do. Accum.		299.7	—	—
Equity Int.		437.9	—	—
Do. Accum.		536.2	—	—
Gilt-Edged Int.		227.4	—	—
Do. Accum.		278.8	—	—
Guaranteed Int.		158.2	—	—
Do. Accum.		194.1	—	—
International Int.		520.8	—	—
Do. Accum.		638.2	—	—
Index Lk. Gilt Int.		138.4	—	—
Do. Accum.		169.6	—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	322.3	+0.2	—
Property Pens.	414.8	+0.3	—
Equity	201.4	-2.9	—
Equity Pens.	906.0	-19.1	—
Money Market	298.4	-4.4	—
Money Mkt. Pens.	536.1	-7.9	—
Deposit	237.5	+0.0	—
Deposit Pens.	378.6	+0.1	—
Managed	297.8	-5.4	—
Managed Pens.	571.4	-9.6	—
Int. Equity	359.7	-0.4	—
Do. Pens.	394.3	-1.0	—
Intl. Managed	327.6	-1.4	—
Do. Pens.	486.4	-3.2	—
North American	138.4	+1.2	—
Do. Pens.	161.4	+2.1	—
Far East	308.4	+0.8	—
Do. Pens.	447.9	+1.2	—
Intl. Currency	171.5	-0.6	—
Do. Pens.	222.5	-1.2	—
Index Linked	131.1	-0.8	—
S.E.C. Managed Fd	140.5	-0.5	—
S.E.C. Pens Mngd Fd	114.5	-0.5	—
[illegible]	120.5	-0.4	—

National Provident Inst.—Contd.

Far East Initial	494.6	520.7	+3.3	—
Far East	592.1	623.3	+4.0	—
Prop. Initial	140.3	147.7	-1.8	—
Prop.	167.9	176.8	-2.0	—
Fixed Int. Initial	180.5	190.1	-4.0	—
Fixed Int.	216.4	227.8	-4.8	—
Indexed Gilt Initial	101.9	107.3	-2.9	—
Indexed Gilt	120.9	127.3	-3.5	—
Deposit Initial	134.9	142.0	—	—
Deposit	163.2	171.8	—	—

NPI Pensions Management Ltd

Managed Fund	987.6	1005.2	—	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.1	60.2	-0.2	—
Stock Market Mngd Fund	59.0	62.2	-0.2	—
Equity Fund	62.7	66.0	-0.4	—
International Fund	57.0	60.0	—	—
European Fund	59.2	62.4	+0.1	—
North American Fund	52.9	55.7	+0.2	—
Pacific Fund	64.5	67.9	+0.6	—
Property Fund	51.9	54.7	—	—
Fixed Interest Fund	47.9	50.5	-0.3	—
Index Linked Sec Fund	45.1	47.5	-0.4	—
Deposit Fund	50.9	53.6	+0.1	—
NUAM Retirement Plans				
Mixed Fund	61.9	65.2	+0.2	—
UK Ordinary Shares	73.4	77.3	—	—
International Fund	58.9	62.0	+0.5	—
Property Fund	51.9	54.7	—	—
Fixed Interest Fund	49.6	52.3	+0.3	—
Index Linked Sec Fund	45.7	48.2	+0.2	—
Deposit Fund	52.9	55.7	—	—
NUAM (NP)				
Managed Fund	782.9	824.2	-4.9	—
Equity Fund	1665.9	1753.6	-23.4	—
Property Fund	323.9	340.4	—	—
Fixed Interest Fund	353.1	371.7	-2	—
Deposit Fund	207.5	218.5	+0.1	—
International Fund	147.9	155.7	+0.5	—
Index Linked Sec Fund	45.1	47.5	-0.4	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Fixed Interest Fund	252.5	265.7	+0.5	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Interest Due	Stock		Price £	Last xd	Yield (1)	Yield (2)
30 Sep 30 Mar	Treas. 2pc '88	(297.1)	130⅞	23.2	—	2.87
25 Jul 25 Jan	Do. 2pc '90	(333.9)	115⅛	18.6	0.79	2.53
23Sep 23Mar	Do. 2pc '92‡‡	(385.8)	97⅞	—	2.34	3.00
16Mar 16Sep	Do. 2pc '96	(267.9)	124⅞	9.2	3.42	3.94
24Mar 24Sep	Do 2½pc '01	(308.8)	103⅞	16.2	3.63	4.24
20Nov 20May	Do. 2½pc '03	(310.7)	101⅞	13.4	3.58	4.19
19Jan 19Jly	Do. 2pc '06	(274.1)	103⅞	12.6	3.65	4.09
20Nov 20May	Do. 2½pc '09	(310.7)	98⅞	13.4	3.59	4.01
23Feb 23Aug	Do. 2½pc '11	(294.1)	103⅞xd	19.1	3.70	3.94
16Feb 16Aug	Do. 2½pc '13	(351.9)	86⅛xd	19.7	3.63	3.90
26Jan 26Jly	Do. 2½pc '16	(322.0)	93⅞	19.6	3.42	3.82
16Oct 16Apr	Do. 2½pc '20	(327.3)	91⅞	10.3	3.44	3.73
17Jan 17July	Do. 2½pc '24 ‡‡	(385.3)	77⅞	10.6	3.39	3.65

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for November 1986: 391.70 and for June 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
4 Jan 4 Jul	African Dv Bk 11¼Ln 2010	99¾xd	4.6	11.14	11.13
24Mar 24Sep	Asian Dev Bk 10¼pcLn2009	96¼	23.2	10.66	10.70
28Jan 28Jly	Australia 13½pc 2010	121⅛	29.6	11.15	10.96
26Apr 26Oct	Do. 11½pcLn2015	104	27.3	10.94	10.91
23Mar 23Sep	Euro Inv Bk 11pc Ln 2002	102⅞	23.2	10.69	10.60
22Mar 22Nov	Do. 10¼pc2004	98¼	22.4	10.57	10.60
8Jan 8Jul	Int-Am Dev Bk 12½pc 2003	112¾xd	4.6	11.09	10.77
15 May 15 Nov	Do. 9¾pcLn 2015	91¼	15.4	10.67	10.71
31 Jan 31 Jul	Mlysia 10¼pcLn 2009	85yxd	2.1	12.13	12.24
3Jan 3Jul	Malaysia 12¼pc '88	99½xd	3.6	12.33	12.73
4May 4Nov	NZ 11¼pc 2008	102	6.4	11.03	10.99
25May 25Sep	Do 11½pc 2014	104	23.2	11.06	11.02
22 Jan 22 July	Sweden 13½pc Ln 2010	121¼	22.6	11.13	10.93
1Mar 1Sept	Utd. Mexican States 16½pc	99½xd	30.1	16.60	17.04

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
1Apr 1Oct	Greek 7pc Ass.	53xd	1.5	3.50	6.60
1Feb 1Aug	Do. 6pc 28 Stb. Ass.	58xd	2.2	3	6.00
1Apr 1Oct	Do 4pc Mixed Ass.	47	1.4	2	4.25
1May 1Nov	Hung. '24 Ass.	65	5'85	2.75	4.25
31 May 30Nov	Hydro Quebec 15pc 2011	130¼	3.6	15.00	11.25
30Jan 31Dec	Iceland 6½pc '83-88	98	5.6	—	—
31Jan 31Jly	Do. 14½pc Ln. 2016	123¾xd	1.1	14.50	11.65
1Mar 1Sept	Ireland 9¾pc '91-96	96½	30.1	9.75	10.32
30June 31Dec	Japan 6% '83-88	94	30.6	—	—

AMERICANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Fb My Ag Nv	Abbott Laboratories‡	39	12.1	$1.00	—	1.6
—	Abramson (H.F.)	13⅝	11.2	88c	—	4.0
F My Ag N	Alcoa $1	37¾	28.4	$1.20	—	1.9
—	¶Allegheny & W $0.01	15⅝	—	30c	—	1.2
—	Amax $1	17	5'85	—	—	—
Nv Mr Jn Ag	Amdahl 5c	24¾	5.11	20c	—	0.5
Mr.Je.Se.De.	Amer. Cyanamid $5	34⅝	5.5	$1.90	—	3.4
Fb My Ag Nv	Amer. Express $0.60	19¼xd	12.1	$1.44	—	4.5
Fb My Au Nv	Amer. Medical Int. $1	12¾	10.4	♦72c	—	3.5
Fb My Ag Nv	American T. & T. $1	21¼	25.9	$1.20	—	3.5
Fb My Ag Nv	Ameritech $1	57¾	29.12	♦$4.72	—	5.0
—	Amfac‡	21¼	11'84	—	—	—
—	Anheuser-Busch $1	23¾xd	—	$2.00	—	5.2
—	¶AridTech‡	79p	—	—	—	—
—	BankAmerica $1.½	7¾	11'85	—	—	—
Ap Jly Oc Jan	Bankers N.Y. $10	30⅝	26.3	$1.66	—	3.3
Ja Ap Jy Oct	BASIX Corp.	358p	18.6	12c	—	2.1
My Au N Fb	Bell Atlantic $1	44⅝	25.9	$3.84	—	5.3
—	BellSouth Corp.	25¾	7.7	$2.04		4.9
Mar Jun S D	¶Bethlehem Steel $8	11¼	4.11	—	—	—
—	Bio-Rad Labs. Inc. 'A'	15¾	—	—	—	—
Oc Ja Ap Jy	Bowater Inc.	24	5.6	80c	—	2.0
Ja Ap Jly O	Browning-Ferris 16⅔c	20⅞	17.3	640c	—	1.2
F My Au N	Brunswick	17	21.7	60c	—	1.1
Jan Ap Jly O	CPC Intnl. 25c	36	25.9	♦$1.34	—	2.1
Mr Je Se De	CSX Corp U.S.$1.00	24½	19.8	$1.16	—	2.9
Mr Jn Sp Dc	CalFed Inc $1.00	20¼	12.5	60c	—	1.8
Oc Ja Ap Jy	Campbell Soup 30c	41¼	5.1	$1.44	—	2.1
F My Au N	Caterpillar Inc $1.00	40⅞xd	15.7	50c	—	0.7
Jn Ap Jy Oc	Cenergy Corp. 25c	588p	30.8	4c	—	0.4
Fb.My.Ag.Nv.	Chase Manhattan $12.5	26¼xd	1.5	$2.16	—	5.1

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ag Jly	Sara Lee $1	28⅞xd	24.12	$1.00	—	2.2
Mr Ju Se De	Saul (B. F.) $1	10⅛xd	26.6	30c	—	1.1
Fb My Ag No	Southwestern Bell $1	25¼	7.7	h$2.32	—	5.6
—	Staley Continental	18⅞	—	80c	—	2.6
Mr Jn Se De	Sun Co. Inc. $1	40⅝xd	5.8	$3.00	—	4.5
Ma Je Se De	TRW Inc. $0.625	39¾	10.2	h$1.60	—	—
Mr Jn Sp Dc	Tenneco $5	34⅜	12.5	$3.04	—	5.5
June Dec	Do. 10pcLn.Stk. 91-5	197½xd	24.11	10%	—	f5.1
Mr Je Se De	Texaco $6.25	29xd	31.7	$3.00	—	6.3
Mr Ju Se De	Time Inc. $1	71	22.8	$1.00	—	0.9
Ja Ap Jy Oc	Tracor $0.33	12⅝	16.9	40c	—	1.9
Ja Ap Ju Oc	Transamerica $1	27⅛	30.6	$1.76	—	3.9
Fe My Au No	Transworld Corp $5	13⅝	11.11	20c	—	0.9
Mc Je Se De	TRINOVA Corp.	46⅞	12.4	h$1.00	—	1.3
Mr Je Se De	♥USX $1	23⅝	30.10	$1.20	—	3.1
Ag Nv Fb Jn	Union Carbide $1	18xd	4.8	$1.50	—	5.1
Mr Jn Sp Dc	Utd. Technologies	36⅞	19.5	$1.40	—	2.4
Fb My Ag No	US West‡	33¼	13.4	$3.28	—	6.0
—	Waste Management $1	29⅛	—	—	—	—
—	Whirlpool $1.0	£23½	—	—	—	
Mr Je Se De	♥Woolworth $3½	35⅛	19.11	$1.32	—	2.3

CANADIANS

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
—	ABM Gold Corp ‖	408p	—	—	—	—
—	♥Abbot Energy Corp.	21½p	—	—	—	—
—	♥Amer. Barrick Res.	14xd	—	—	—	—
—	♥Armeno	89p	—	—	—	—
Fb My Ag Nv	Bk. Montreal ‖	16¼	24.11	$2.00	—	5.7
Ja Ag Ju Oc	Bk. Nova Scot. ‖	864p	30.6	72c	—	3.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

Stock	Price	+or-	Div Net	C'vr	Gr's	P/E
Ardmore Pet. 'A'	22	—	—	—	—	—
Catalyst Comms. 5p	79	—	—	—	—	32.8
Chelsea Artisans 5p	158	—	—	—	—	21.2
Comac Group 5p	153	—	—	—	—	—
Corton Beach 10p	126	1.6	0.4	♦	0.4	♦
Crown Eyeglass 5p	153	—	—	—	—	—
Edenspring Investment	225	—	—	—	—	—
Eglinton Oil Ir.5p	28	—	—	—	—	—
Do. Warrants	18	—	—	—	—	—
Far East Res. 10p	151	—	—	—	—	—
Publishing Hldgs.5p	61	—	—	—	—	35.3
Theme Holdings	62	27.4	1.0	♦	—	♦
UPL Group 10p	153	—	L2.41	2.8	2.2	—
Unit Group	140#	—	R4.6	2.5	4.5	100.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+or-	Stock	Price	+or-
Albany Inv 20p	90	.....	Fin. 13% 97/02	£105¾	.....
Craig & Rose £1	£204¼	.....	Arnotts	375	.....
Finlay Pkg. 5p	118	.....	CPI Hldgs	85	.....
Holt (Jos) 25p	1003	.....	Carrol Inds.	151	-5
IoM Stm. £1	142	-5	Dublin Gas	18	.....
			Hall (R. & H.)	140	.....
IRISH			Heiton Hldgs.	47	-1
Fund 11¼% 1988	£100¼	.....	Irish Ropes	195	.....
Nat. 9¾% 84/89	£97¼	.....	Unidare	425	-5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

WORLD STOCK MARKETS

AUSTRIA

1987 High	Low	Aug. 7	Price Sch%
2410	1890	Creditanstalt	2100.00
3300	2460	Goesser	3100.00
13200	10800	Interunfall	12450.00
14,000	7050	Jungbunzlauer	8940
2160	1740	Laenderbank	1980.00
780	565	Perlmooser	720.00
167	108	Steyr-Daimler	129.00
1113	690	Veitscher Mag	870.00

BELGIUM/LUXEMBOURG

1987 High	Low	Aug. 7	Price Frs.
3450	2900	B.B.L.	3330
16000	15150	Banque Gen. Du. L.	15150
15200	14300	Bank Int. A	14300
13175	9000	Bekaert B	12300
6600	3900	Ciment CBR	6300
186	131	Cockerill	186
4150	2700	Delhaize	4150
5500	4685	EBES	5350
2700	1320	Fabrique Nat.	1510
1440	926	GB Inno BM	1310
4525	3430	GBL (Brux) L	4180
6850	6080	Generale Bank	6590
9260	6000	Gevaert	8400
9100	6680	Hoboken	8350
4510	3765	Intercom	4170
4870	4040	Kredietbank	4800
13250	10,650	Pan Holdings	13250
14000	9210	Petrofina	13375
1870	1520	Raffinerie Tirle	1740
8000	5000	Royale Belge	6300
4195	3115	Soc Gen Belge	3825
15900	10375	Sofina	15900
15550	8270	Solvay	14450
500	185	Stanwick Intl.	500
8500	6280	Tractebel	8210
11950	8900	UCB	11100
5940	5160	Wagons Lits	5780

DENMARK

1987 High	Low	Aug. 7	Price Kr %
970	720	Baltica Skand	960.00
299	251	Cop Handelsbank	264.00
410	280	D. Sukkerfab	291.00
375	309	Den Danske Bank	346
228	160	East Asiatic	189.00
980	805	Forenede Brygg	835
357	226	GNT Holding	230.00
845	695	I.S.S.B. Systems	765.00
575	455	Jyske Bank	510
298	238	Novo Inds.*	272.00
295	243	Privatbanken	265.00
954	675	Sophus Berendsen	900.00
250	149	Superfos	250.00

FINLAND

1987 High	Low	Aug. 7	Price Mka
260	148.5	Amer	248
56.2	43.75	KOP	55.3
254.5	184	Kone	250
118	85.5	Finnish Sugar	94
213	132.5	Nokia	208
106.5	69	Pohjola 'B'	101.5
37	19	Rauma-Repola	34.8
265.5	137.5	Stockmann 'B'	263
36.75	28.8	UBF 'C'	35.4
169.5	150	Utd. Paper	163
248	155.5	Wartsila (s11)	243

FRANCE

1987 High	Low	Aug. 7	Price Frs.
1985	1515	Emprunt 4½% '73	1929
9615	6600	Emprunt 7% 1973	9390
573	446	Accor	469
632.5	502.5	Agence Havas	537
768	660	Air Liquide	687
3005	2190	Alcatel	2360
868	666	BIC	703
619	518	BNP (Cert. Inv.)	530
3000	2380	Bongrain	2889
5220	990	Bouygues	1184
5200	4150	BSN Gervais	4910
3895	3080	Carrefour	3230
746	572	Club Mediterranee	628
1185	627	Cie Bancaire	650
407	332	Cofimeg	340
347	315	CGE	341.5
3150	2360	Damart	2740
545	379	Darty	434
1280	956	Dumez S.A.	1100
1543	1136	Eaux (Cie Gen)	1195
398	314	Elf-Aquitaine	383
3840	3219	Essilor	3775
1380	1069	Gen. Occidentale	1130
170	84.6	Imetal	166.7
1760	1326	Lafarge Coppee	1616
4053	3154	L'Oreal	3935
2990	2179	Legrand	2651
196.5	73.3	Maisons Phenix	75
2865	2045	Matra S.A.	2095
384	245	Michelin B.	327
1734	1245	Midi (Cie)	1245
2816	2200	Moet-Hennessy	2815
119	65	Moulinex	75
229	159.1	Nord Est	162.6
549	441	Paribas	442.5
1186	954	Pernod Ricard	970
849	716	Perrier	832
558	400	Petroles Fra	452
1678	1132	Peugeot S.A.	1450
810	456	Printemps Au	641
1758	995	Radiotech	1460
3600	2475	Redoute	2960
1925	1420	Roussel-Uclaf	1440
481	390	St. Gobain	475
500	450	Sefimeg	451
1560	1140	Skis Rossignol	1140
3640	2850	Telemech Elect	3195
1745	1295	Thompson (CSF)	1301
638	502	Valeo	591

SINGAPORE

1987 High	Low	Aug. 7	Price $
2.42	1.25	Boustead Hldgs	2.32
7.65	4.25	Cerebos Pacific	7.65
5.2	3.5	Cold Storage	4.84
17	9.05	DBS	17
8.8	6.15	Genting	7.4
6.25	2.58	Haw Par Bros	6.25
5.05	2.71	Hong Leong Fin	4.9
6.95	2.72	Inchcape Bhd	6.95
4.32	2.74	Keppel Shipyard	4.32
9.05	5.15	Malay Banking	9.05
2.94	1.16	Malayan Utd. Ind.	2.94
1.02	0.39	Multi Purpose	0.82
11.3	8.9	OCBC	11.30
5.85	3.22	OUB	5.85
3.28	1.17	Public Bank	3.22
3.9	1.93	Sime Darby	3.74
14.7	9.25	Singapore Air	14.70
10.1	7.6	Singapore Press	10.1
5.65	3.66	Straits Trading	5.65
4.34	2.82	Tat Lee Bank	4.34
7.6	4.18	UOB	7.6

GERMANY

1987 High	Low	July 31	Price Dm.
350	280	AEG	341.00
2220	1553	Allianz Vers	2050.00
342.8	239	BASF	342.80
364	274	Bayer	364.00
563	365	Bayer-Hypo	472.00
523	375	Bayer-Verein	466.00
543	390	BHF-Bank	477.00
760	455	BMW	748.00
344	270	Brown Boveri	342.00
312	244.5	Commerzbank	303.00
361	269	Cont'l Gummi	353.00
1220	920	Daimler-Benz	1205.00
579	420	Degussa	559.50
254	200	D'sche Babcock	254.00
790	571	Deutsche Bank	714.00
381	286	Dresdner Bank	365.00
350.5	268	Feldmuehle Nobel	348.00
582	458	Henkel	568.00
1110	612	Hochtief	712.00
344	240	Hoechst	343.10
128.5	88	Hoesch Werke	128.50
555	367	Holzmann (P)	439.90
293	201	Horten	249.50
656	507	Hussel	656.00
560	403	Karstadt	558.00
537.5	447	Kaufhof	537.50
182	142	KHD	177.50
163.5	130	Kloeckner Werke	145.00
795	589	Linde	784.00
217	143	Lufthansa	217.00
197.6	148	MAN	192.50
185.9	142	Mannesmann	185.90
1045	740	Mercedes Hld	1045.00
393	250	Metallgesell	385.00
2700	1550	Muench Rueck	2015.00
865	687	Nixdorf	865.00
1024	815	Porsche	1005.00
200	145	Preussag	199.50
254.5	186	Rhein West Elect.	251.00
346	238	Rosenthal	285.00
691	524	Schering	639.00
747.5	620	Siemens	711.00
138.5	109	Thyssen	138.50
375	311	Varta	371.00
331.5	252	Veba	331.50
174.5	139.5	V E W.	164.00
486	375	Verein-West	428.50
430	312	Volkswagen	404.00

NETHERLANDS

1987 High	Low	Aug. 7	Price Fls.
65.5	55.5	ACF Holding	65.40
100.1	78	AEGON	98.90
109.3	91.2	Ahold	108
174.8	127.3	AKZO	174.30
530	444	ABN	502
75.4	58.2	AMEV	69.30
90.5	70	AMRO	86.40
61	48.2	Buehrmann-Tet	61
270	195.5	Dordtche Petroleum	259
64	46	Elsevier Ndu	64.00
58.5	44	Fokker	53.50
53.5	39	Gist Brocades	53.50
197.5	145	Heineken	197
49.8	29.7	Hoogovens	49.80
63.6	48.4	Hunter Douglas	61.50
24	16.6	IHC Calland	24
71.5	59	Int Mueller	69.40
57.2	35.1	KLM	57.20
169.8	133.5	KNP	168.50
81.2	66	Nat Ned Cert	80.50
197	153	Ned Mid Bank	174
185.8	128.5	Ned Lloyd	185.80
476	380	Oce Grinten	465.00
41.6	34	Ommeren (Van)	39.50
88.5	60	Pakhoed	88.50
56.3	43	Phillips	55.50
112.2	94	Robeco	112.20
146.8	137.6	Rodamco	142.30
106.3	82.8	Rolinco	106.30
52.6	49.6	Rorento	52.10
297.2	207.8	Royal Dutch	288
692.3	135	Unilever	144.10
28	22.5	VMF Stork	26.60
97.5	68	VNU	97.50
94.8	73	Wessanen	94.80
140	106.5	Wolters Samsom	129.50

SWEDEN

1987 High	Low	Aug. 7	Price Kronor
223	142	AGA (free)	217.00
343	261	Alfa-Laval	328.00
398	286	ASEA (Free)	392.00
300	200	Astra (Free)	286.00
186	140	Atlas Copco	186.00
240	136	Beijer A Fria	230.00
360	143	Cardo (Free)	277
380	235	Cellulosa	358.00
331	274	Electrolux B	303.00
298	189	Ericsson	261.00
200	124	Esselte	200.00
413	210	Mo Och Domsjo	410.00
240	187	Pharmacia	239.00
770	600	Saab-Scania (free)	700.00
190	135	Sandvik	188.00
180	110	Skandia Ins.	178.00
309	229	Skandia Intl.	269.00
143	104	Skan Enskilda	141.00
397	310	SKF	370.00
411	269	St. Kopparbergs	407.00
517	380	Svka Handelsbn	515.00
110	82	Swedish Match	110.00
374	261	Volvo B (Free)	361.00

SPAIN

1987 High	Low	Aug. 7	Price Pts. %
1680	1275	Banco Bilbao	1570
1165	970	Banco Central	1030
650	385	Banco Exterior	480
630	450	Banco Hispano	576
1900	1395	Banco Popular	1710
1372	930	Banco Santander	1337
1850	1067	Banco de Vizcay	1850
1025	610	Banesto	905
870	450	Dragados	780
113.2	52.2	Hidrola	84.50
169.2	84.2	Iberduero	131
658	375	Petroleos	629
250	146.5	Telefonica	247

NORWAY

1987 High	Low	Aug. 7	Price Kroner
79	57	Aker-Norcem	76.50
200.5	169	Bergen bank	195
430	260	Bergesen B	430
211	176	Christiania Bk	203
208	148	Den Norsk Credit	169.50
140	86.5	Elkem	140
161	128.5	Kosmos	140
250	170	Kvaerner	242.50
269	204	Norsk Data	269
260	131	Norsk Hydro	259.50
4705	368	Orkla Borregaard	457
369	290	Storebrand	365.00

AUSTRALIA

1987 High	Low	Aug. 7	Price Aust$
4.5	2.55	ACI Int.	4.30
3.8	1.8	A.F.P.	3.65
14.5	7.9	Adelaide Steams	9.00
5.14	4.15	Amcor	5.00
4.45	2.8	ANZ Group	4.28
3.6	2.65	Ampol Pet	3.60
3.75	2.6	Ariadne Aust	2.70
4.7	2.7	Ashton	3.85
3.12	2.25	Aust Guarant	2.80
2.2	1.05	Aust Nat Inds	2.18
9.6	7.1	Bell Group	9.46
6.4	4.05	Bell Resources	5.34
2.85	1.67	Bond Corp Hldgs	2.85
5.8	4.35	Boral	5.80
5.7	3.1	B'ville Copper	5.20
10.5	6.95	Brambles Inds	10.35
1.95	0.85	Bridge Oil	1.85
10.55	7.75	BHP	10.30
1.9	1.2	BHP Gold	1.75
5.1	3.77	Burns Philp	5.10
11.6	6.4	CRA	11.50
4.35	3.55	CSR	3.90
5.8	2.55	Chase Corp	3.49
1.85	0.7	Claremont Petro.	1.20
8	6	Coles Myer	8.00
5.2	2	Comalco "A"	5.20
0.74	0.16	Consolidated Pet	0.26
3.8	2.05	Costain Aust	3.10
5.36	4	Elders IXL	5.36
3	1.55	Energy Res	3.00
3.38	2.13	Gen Prop Trust	3.25
4.95	3.42	Goodman Fielder	4.75
4.25	2.8	Hardie (J.)	4.25
5.1	2.6	Hartogen Energy	3.50
5.2	2.7	ICI Aust	5.00
6	4.35	Industrial Equity	5.60
0.87	0.38	Jimberlana (50cFP)	0.70
14.06	10	Jones (David)	11.00
1.45	0.85	Kia Ora Gold	1.15
9.8	5.9	Kidston Gold	8.10
17.4	8.4	Lend Lease	17.30
3.6	1.45	MIM	3.52
5.84	3.9	Mayne Nickless	5.78
5.2	4.1	Nat. Aust. Bank	5.04
25	17	News	20.70
4.8	3.1	Noranda Pacific	4.65
4.4	1.91	North Bkn Hill	4.20
1.11	0.53	Oakbridge	0.59
5.5	3.5	Pacific Dunlop	5.30
4.5	2.68	Pancont'l	4.20
4.4	3.05	Pioneer Conc	4.40
4.75	2.1	Placer Pacific	4.30
7.4	2.7	Poseidon	6.80
1.7	0.98	Queensland Coal	1.47
7.8	3.85	Santos	7.76
5.5	4.18	Smith (H.)	5.06
89.92	3.16	Thos Natwide	5.66
8.1	5.75	Tooth	7.96
4.05	2.55	Vamgas	3.95
10	3.51	Western Mining	9.80
5.48	4.4	Westpac	5.38
2.68	1.55	Woodside Petrol	2.28
4.1	3.1	Woolworths	3.40
4.4	2.5	Wormald Intl	3.45

SOUTH AFRICA

1987 High	Low	Aug. 7	Price Rand
4.2	2.75	Abercom	2.95
19.25	14.5	AE & CI	16.50
175	92	Allied Tech.	170.00
43	33	Anglo Am Coal	36.25
90.35	67	Anglo Am Corp	89.00
413	308	Anglo Am Gold	387.50
25	18.25	Barclays Bank	21.25
26.75	18.9	Barlow Rand	26.75
81.75	65	Buffels	71.50
5.25	2.9	CNA Gallo	5.25
7.4	5	Currie Finance	5.55
52.25	35.75	De Beers	51.85
94.5	66.5	Driefontein	89.50
63	48	Freegold	58.00
86.5	57	Gold Fields SA	85.50
7.55	4.9	Highveld Steel	7.50
23.5	17	Malcor Hldgs	23.50
8.55	6.2	Nedbank	7.55
20	13	OK Bazaars	19.50
15.5	10	Rembrandt	13.50
63	44.87	Rust Plat	62.62
35	17.5	Safren	35.00
20	10	Sage Holdings	19.25
25	15.3	SA Brewers	24.00
45	29.75	Smith (C.G.)	45.00
15	7.75	Tongaat Hulett	15.00

SWITZERLAND

1987 High	Low	Aug. 7	Price Frs.
13100	8,725	Adia Intl.	13100
862	430	Alusuisse	830
4100	2925	Bank Leu	3550
2780	1,570	Brown Boveri	2750
4000	2,920	Ciba Geigy	3970
2855	2,000	do. (PtCts)	2855
3,840	2900	Credit Suisse	3450
4050	3400	Elektrowatt	4050
1990	1370	Fischer (Geo.)	1775
151,000	111,000	Hoff-Roche (Pt Cts)	149000
15100	11,950	Hoff-Roche 1/10	14875
10075	7,900	Jacobs Suchard	10075
4,130	3275	Jelmoli	3800
1,880	1500	Landis & Gyr	1820
10900	8,625	Nestle	10650
1485	1,110	Oer-Buhrle	1485
2430	2,050	Pargesa Hldg	2390
460	389	Pirelli	436
15025	10,300	Sandoz (Br)	14850
2475	1,550	Sandoz (PtCts)	2475
870	590	Schindler (PtCts)	820
1,750	775	Sika	775
8,950	6010	Surveillance	6875
1480	1,080	Swissair	1480
572	421	Swiss Bank	516
20,300	15200	Swiss Reinsce	18375
2,788	1960	Swiss Volksbk	2380
6,120	4350	Union Bank	5060
7,500	5,800	Winterthur	6850
7,917	5875	Zurich Ins	7400

ITALY

1987 High	Low	Aug. 7	Price Lire
6950	3112	Banca Com'le	3112
715	569	Bastogi-IRBS	569.00
7155	5752	CIR	5752
3650	1850	Credito Italian	1850
17163	11644	Fiat	11700
141200	129000	Generali Assicur	130,000
113,925	72000	Italcement	110,000
1340	960	La Rinascenti	1141
2968	2190	Montedison	2340
14700	11900	Olivetti	12000
7840	6080	Pirelli Co	6080
5750	4850	Pirelli Spa	4850
4360	3499	Saipem	3720
4895	3380	Snia BPD	3640
35500	27720	Toro Assic	30060

WE REGRET that Canadian prices were not available for this edition due to computer problems.

JAPAN

1987 High	Low	Aug. 7	Price Yen
4100	1890	Ajinomoto	3380
1,990	1020	All Nippon Air	1870
2840	1320	Alps Electric	2670
1280	770	Asahi Chemicals	1180
2180	1310	Asahi Glass	1920
1900	1040	Bank Tokyo	1590
1118	602	Bridgestone	1090
694	545	Brother Inds	640
1070	691	Canon	1070
1410	861	Casio Computers	1280
2010	1340	Chugai Pharm	1940
1980	1190	Daiei	1950
4160	1950	Dai Ichi Kan Bank	3080
809	603	Dai Nippon Ink	790
2400	1700	Dai Nippon Ptg	2060
2630	1760	Daiwa House	2450
3930	1750	Daiwa Sec	2820
2380	1710	Eisai	2280
6660	386	Fanuc	6200
4220	2860	Fuji Bank	3160
4160	2730	Fuji Film	4160
2360	1750	Fujisawa	2250
1320	700	Fujitsu	1300
2070	479	Furukawa Elect	721
3080	2230	Green Cross	3050
2230	1600	Heiwa Real Est	1920
1250	860	Hitachi	1180
2080	1500	Hitachi Credit	1640
1790	1140	Honda	1590
5400	2560	Indl Bank Japan	4000
769	406	Ishikawajima Ha	584
418	310	Isuzu Motors	397
1030	675	Itoh (C)	732
4300	3210	Ito Yokado	4230
16800	1200	JAL	13800
1780	1050	Jusco	1710
2130	1460	Kajima	1790
2170	1650	Kao Soap	2120
283	175	Kawasaki Steel	261
3090	1600	Kirin	2620
349	156	Kobe Steel	251
690	474	Komatsu	690
950	571	Konishiroku	805
678	348	Kubota	576
1340	998	Kumagai	1120
6540	3560	Kyoto Ceramic	6280
620	440	Marubeni	514
3610	2500	Marui	3530
452	330	Mazda Motors	420
1960	800	Meija Seika	1080
2600	1460	MEI	2490
4200	2010	M'bishi Bank	3080
1270	731	M'bishi Chem	1070
1640	960	M'bishi Corp	1300
680	408	M'bishi Elec	610
3490	2380	M'bishi Estate	2500
662	430	MHI	561
3030	1310	Mitsui Bank	2540
939	530	Mitsui Co.	795
3100	1850	Mitsui Estate	2300
804	335	Mitsui Toatsu	675
1840	1020	Mitsukoshi	1740
1,040	807	NGK Insulators	984
3120	1510	Nikko Sec	2290
1660	1050	Nippon Denso	1590
2200	1400	Nippon Elect	1840
1610	1040	Nippon Express	1180
1800	1270	Nippon Gakki	1800
1110	600	Nippon Kogaku	1090
367	230	Nippon Kokan	269
1510	1120	Nippon Oil	1410
654	439	Nippon Seiko	640
1470	1000	Nippon Shimpan	1410
398	171	Nippon Steel	330
675	460	Nippon Suisan	605
691	443	Nippon Yusen	582
765	550	Nissan Motor	666
1450	728	Nisshin Flour	1380
5900	2920	Nomura	4520
1390	948	Olympus	1200
840	540	Onada Cement	817
2250	1010	Orient Finance	1500
4360	15	Orient Leasing	3750
3280	1600	Pioneer	3090
1230	700	Ricoh	1210
2050	1610	Sankyo	1820
3610	1610	Sanwa Bank	2810
580	361	Sanyo Elect	515
2233	1233	Sapporo	1910
2640	1660	Sekisui House	2440
8490	7850	Seven-Eleven	8100
1340	816	Sharp	1260
1190	723	Shimizu Const.	961
1980	1550	Shionogi	1690
2,350	1680	Shiseido	2280
710	362	Showa Denko	612
5000	2720	Sony	4910
4930	2560	S'tomo Bank	3660
970	395	Sumitomo Chem	864
1050	930	Sumitomo Corp	1090
1870	1460	S'tomo Elect	1660
270	140	S'tomo Metal	222
1350	892	Taisei Corp	1070
1570	971	Taisho Marine	1140
1900	780	Taiyo Kobe Bank	1560
3630	2480	Takeda	3140
5530	2660	TDK	5050
880	660	Teijin	835
2250	1620	Toa Nenryo Kyo	2120
2600	1180	Tokai Bank	2240
2890	1810	Tokyo Marine	2160
9350	5600	Tokyo Elect Pwr	6070
1570	925	Tokyo Gas	1030
2100	1270	Tokyu Corp	1520
1780	1410	Toppan Print	1580
790	555	Toray	744
796	585	Toshiba Elect	651
3050	1910	Toyo Seikan	2850
2100	1460	Toyota Motor	2000
530	258	UBE Inds	469
3380	1690	Victor	3100
900	603	Yamaha	845
3100	1500	Yamaichi Sec	2300
4900	3630	Yamanouchi	4670
1900	1490	Yamazaki	1680
1560	935	Yasuda Fire	1140

HONG KONG

1987 High	Low	Aug. 7	Price H.K.$
37	17.5	Bank East Asia	37
7.45	4.9	Cathy Pacific	7.4
13.8	8.8	Cheung Kong	13.3
27.3	17.5	China Light	27
0.97	0.58	Evergo	0.87
16.5	10.2	Hang Lung	16.1
49.5	26	Hang Seng Bank	47.25
7.65	3.9	Henderson Land	7.35
24.8	15.3	Hong Kong China	21.3
11.5	6	HK Electric	9.55
8.3	5.1	HK Land	7.75
11	7.4	HK Shanghai Bank	10.4
15.5	11.3	HK Telephone	13.9
14.7	11.3	Hutchison Wpa	14.4
28.3	17.7	Indust Equity P	25
21.2	13.1	Jardine Math	20.7
14.8	8.1	New World Dev	14.3
19.7	9.25	SHK Props	18.7
1.59	1.12	Shell Elec. Mfg.	1.45
25.7	15.5	Swire Pac A	25.1
16.8	8.45	TV-B	16.6
9.9	7.5	Wharf Hldgs	9.55
17.2	8.4	Windsor Ind.	17.2
4.57	3	World Int Hldgs	4.52

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

OVER-THE-COUNTER *Nasdaq national market, Closing prices August 7*

Continued from Page 29

Stock		Sales (Hnds)	High	Low	Last	Chng
OldKnts .80	9	243	24¼	23⅝	24¼	+ ⅝
OldRep .80	10	97	31¼	31	31	− ⅛
Ommicm .96		338	24⅛	23⅞	23⅞	− ¼
OneBc .40	7	387	15⅞	15⅝	15⅝	− ⅛
OpticC	40	169	17¼	17	17⅛	− ¼
OpticR	25	697	24½	24¼	24½	+ ¼
Oracles	51	4086	26¼	24½	25¼	+ ⅛
Orbit	13	986	10½	10⅛	10¼	
OshBA .54	22	29	73¼	72	72	
OshTB .30	11	127	32	31½	32	+ ½
OtrTP 2.92	13	26	42½	42	42	
OwenMn.35	15	853	21⅛	20	21	− ¾
P Q						
PACE		1643	7⅞	7⅜	7⅝	− ⅛
PCS	92	32	31	30½	31	+ ½
PNC 1.68	13	1789	45½	44⅝	45¼	+ ½
Pacar 1.60a	15	110	72¾	71¾	72½	+ ¾
PacFst .20e	4	222	20¼	19⅞	20	− ¼
Pantera	50	824	14⅞	14⅝	14⅝	
Parisan	23	1648	30⅞	30⅜	30¾	
PaulHrs	23	7	16¼	15¾	16¼	
Paychx	48	450	28½	28	28½	+ ⅜
Payco	31	1365	12½	11¾	12	− ¼
PegGld	64	1988	22⅞	21⅞	22¼	− ⅝
Penbcs .88	15	344	u35	34¼	35	+ ½
Pentair .88	17	209	27¾	27¼	27⅝	+ ⅜
Penwts	20	363	u29¼	27¾	29	+1¼
PeoBnC 1	61	31	70	69¼	70	+ ½
PeopHrt.20e		2958	18¼	16⅞	17⅝	+ ⅞
PSBMas .60		78	16¼	15¾	15¾	+ ⅛
PeoWst	12	384	28⅜	27⅞	28	+ ⅛
PercTc	19	11	10½	10	10	
PerpSs	8	698	14	13¾	13⅞	− ⅛
Petrite 1.12	31	84	38	37¾	38	+ ¼
Phrmct		3514	5½	5 3-16	5⅜	+ ⅛
Phrmcl.15e	35	185	27¾	27½	27½	− ¼
PhnxRe		1190	11	10¼	10⅝	+ ⅜
PicSavs	22	1929	23¾	23½	23¾	+ ⅛
PicCafe .48	14	91	17¾	17¼	17¾	+ ⅛
PionHI 1.04	21	173	u39	38¼	38¼	− ¼
PlyFve		47	11¼	10¾	10⅞	+ ¼
PlcyMg	26	9587	24¾	24	24½	+ ½
Porex .10e	10	87	33½	33¼	33½	+ ⅜
Possis		36	12½	12	12½	+ ¼
PoughSv.10e	7	75	16¼	16	16	
PrecCst .08	23	209	39	38½	39	
PresLfs .08	8	553	17⅛	16¾	17½	+1¼
PrstnCp .50	28	95	18¾	18	18	− ¾
Priam		2434	4¼	3⅝	4⅛	+ ⅜
PriceCo	34	1817	49⅞	48½	49¼	+ ⅞
PrceTR	20	551	39¾	39	39	− ½
PrmvD .18b	91	7	10⅞	10⅝	10⅞	+ ⅛
ProsGp		858	10⅛	9¾	9⅞	+ ⅛
ProtLfe .70	10	100	15⅛	14¾	15	+ ⅛
PrvLfe .84	6	1736	22	21½	22	+ ⅜
PgSdBs .80	10	116	25	24½	25	+ ¼
PultzPb .40	32	15	40½	39¾	39¾	− ¾
PuntBs .11	24	810	28¼	27⅜	28⅛	+ ⅜
PymrT		722	8½	7	8½	+1¼
QMeds	51	368	12¼	12⅛	12¼	+ ⅛
QVC		1248	11¼	10¼	10¾	+ ¼
Quadrx		22	10¼	10	10¼	+ ¼
Quantm	58	528	18	17½	17½	− ¼
Quiksiv	20	25	11⅞	11¼	11¾	− ⅛
Quixte		184	13	12⅝	12⅝	− ⅛
R R						
RPM .72	22	385	25	24¾	25	
RadSys	18	347	11½	11	11	− ½
Rainer 1.16	15	1800	52⅞	52⅝	52⅝	− ⅛
Reeves	23	1350	13⅛	13	13⅛	+ ⅛
RocvEl .20		381	6	5¾	6	+ ¼
Regina	28	126	44¼	43½	44	− ¼
RegiBc	8	9	16	15¾	15¾	
RntCtrs	38	670	26¾	26⅜	26⅝	− ⅛
Repign		118	18¼	17¾	17¾	− ½
RepAm.20e	14	2186	17	16⅝	17	+ ¼
ReutrH .59e		1344	80⅞	80	80¼	−1⅛
Rexon	19	437	10½	9⅞	10¼	+ ⅜
ReyRy .76	17	242	34¾	34¼	34½	+ ¼
RhonPl		70	32⅜	31⅞	32⅛	+ ½
Ribilm		112	8⅞	8¾	8¾	− ⅛
RchmHl		158	17	16⅝	16⅝	
RiggsNt1.10	30	75	27¼	26¾	27¼	
RoadSv 1.10	25	765	u42⅛	41½	41¾	+ ¼
RochCS		580	13¾	13½	13⅝	+ ¼
RgrCbA		212	18½	18¼	18⅜	+ ⅛
RsvltFd		327	10⅝	10⅜	10⅜	− ¼
RoseBs.16a	14	272	16½	16¼	16½	
Rospich.15j		15	19⅝	19½	19⅝	− ⅛
RossStr		1329	10⅞	10½	10⅝	− ⅛
Rouses	40	690	24¼	23¾	24	+ ¼
RyanFs	50	3887	14⅛	13⅞	14⅛	+ ⅛
S S						
SCI Sys	30	2109	u22¼	20¼	22	+1⅝
SCORU	17	234	14½	13	14½	
SEIs		1190	16¼	15¾	16¼	+ ⅜
SHL Sys		976	u24⅞	21⅝	23¼	+1⅝
SKFAB1.47e		35	56¼	56⅛	56⅛	−1⅜
SPIPh .07		17	11½	10½	11½	+ ½
Satchis .871		1991	30⅛	29½	29⅝	− ⅞
Safecds .24	28	6752	22¾	22¼	22¼	+ ¼
Safecos .96	8	2077	29½	28½	29¼	+1
SageSft	31	270	13¾	12¾	13¼	+ ⅜
StJudes	19	393	27½	27	27	− ½
StPauls1.76	10	2289	51	50½	51	+ ¼
SalCpt	10	350	8½	8⅜	8⅜	− ⅛
Salick	27	146	15⅞	15½	15⅞	− ⅛
SFFdl		393	19¼	19	19⅛	+ ⅛
Sanfrds	20	25	27½	27¼	27¼	+ ¼
ScanTrs	19	121	13¼	13	13¼	+ ⅜
Scherer .32	21	159	17⅞	17¼	17⅞	+ ⅝
SchlAs .40	18	19	37	36½	37	+ ½
Scimds	192	13	11⅞	11½	11½	− ⅛
SciMic	23	377	7⅛	7	7⅛	
ScotCb		251	26¼	26	26⅛	+ ⅛
Seagate	14	10863	32	31	31¾	+ ⅜
SeamF	26	1702	30	29⅝	29⅝	+ ⅛
SEEQs		549	9½	9⅛	9¼	
SelctIns1.08	8	198	26¾	26	26⅝	+ ⅛
Sensor .05	24	327	11⅞	11¾	11¾	− ⅛
SvcMer .08		10725	9	8⅛	9	+1
SvOak .16	15	26	12½	12⅛	12⅛	− ⅛
ShrMed .72	13	3397	27	26	26⅝	− ⅛
Shwmt 2.04	21	222	44½	44⅛	44½	+ ½
Sheldle	23	87	10	9¾	10	
Shoney .16	37	706	31⅞	31⅛	31⅛	− ¾
Shorwd	19	185	21¾	21	21¼	+ ¼
SigmAl .28	32	54	46	45½	46	
SigmDs	23	533	16½	15¾	16	
SlcnGr	44	1427	20¼	19⅝	20	+1
SiliconS	24	1417	11¾	11⅛	11½	− ⅛
Silicnx	31	684	11	10½	11	+ ½
SilvLts	133	875	4	d3 11-16	4	
ShStMn	44	1920	2¾	2 9-16	2⅝	− ⅛
SimAir	7	495	9⅝	9⅛	9⅝	
Sizlers	24	181	20	19½	19½	− ¼
SmthFs	10	181	19	18½	18½	− ½
Society$1.20	10	976	u36¼	35½	36⅛	+ ⅞
SoctySv .36	10	161	22½	22¼	22½	+ ⅛
SoftwA	18	11	13⅛	12⅞	13	+ ⅛
SthwPb	13	92	9	8⅝	8⅝	− ¼
SomrSv		181	13¾	13¼	13¾	+ ¾
SonocPs .44	20	499	27½	26¾	27½	+ ¾
SCarNs .56	11	237	24⅝	24	24¼	
Sounet	721	75	21¾	21½	21⅝	+ ⅜
SthdFn		186	6⅝	6⅛	6¼	+ ⅛
Soutrst .80	10	257	23¾	23⅝	23⅝	
Sovran 1.44	10	5845	36⅝	35¾	36	
Speedy	61	80	44½	44⅜	44⅜	− ⅛
StdMic		1331	15¾	14⅝	15¾	+1¼
StdRegs .44	23	115	27	26¾	26¾	− ¼
StrptSv1.43t		506	17	16¼	16¾	+ ¼
Stars		508	11¼	10¾	11¼	+ ¼
StaStBs .44	14	3298	28⅜	28⅛	28¼	− ⅜
Strlinc	25	10	40⅝	40⅝	40⅝	
Stwinf .76	9	263	20¾	20¼	20¾	
Stratus	39	2291	30	28¾	29	− ½
StrwbCl.93b	15	88	47	46¼	47	+ ¾
Strykrs	38	283	28¾	28¼	28½	
StudLvt		838	74½	74¼	74½	+ ½
Subaru .38	8	3328	13	12¾	12¾	− ⅛
SulFn .20	19	115	14¾	14¼	14¾	+ ½
SumitB .72b	15	661	u33	31	32½	+1
SunGrd	26	612	18½	18	18	+ ¼
SunMic	35	13680	38⅞	36¾	38⅝	+1¾
Sunwsts 1a	9	16	30½	30	30	− ½
SymbT	44	1021	35¾	35	35	
Symblc		1123	4⅝	4⅜	4½	
Systin	10	1114	10⅝	9⅞	10¼	+ ⅜
Sysintg	16	129	8¼	8⅛	8⅛	− ⅛
SySoftw		194	17¾	17	17¾	+ ½
Systmt .12	28	209	26¾	26¼	26¼	− ½
T T						
TBCs	15	399	u17¾	17¼	17¾	+ ¼
TCA .24		357	26⅞	26	26½	+ ¼
TCBY	38	526	15½	14¾	15	
TCF	24	784	12¼	12	12⅛	− ¼
TMK .20e	13	229	11¼	10⅞	11	
TPI En		576	4⅞	4¾	4⅞	
TS Inds	142	171	31¼	30½	31¼	
TSO	8	454	8⅝	7¾	8⅝	+ ⅝
Takmen		195	10¼	10⅛	10⅛	
Tandon	4	2989	4⅞	4⅝	4⅝	− ⅛
Taunton.12e	9	9	13	12½	13	
TchDtas	23	280	13½	13¼	13¼	
Telcmd	234	337	17	16¼	16⅝	− ⅜
TlcmAs	36	3217	25¾	25¼	25½	+ ¼
TlCmwt		6	57½	56½	57½	+ ¾
Telcrds .24	47	500	41¾	41	41	
Telmatc	61	188	15¼	14¾	14¾	− ½
Telabs	22	1156	15⅛	14⅝	14⅞	+ ⅛
Telxon .01e	26	705	25¼	24½	24¾	+ ¾
Tennant .96	19	13	32¼	31¾	32¼	+ ½
3Com	24	2762	18⅞	18	18⅛	+ ⅜
ToklaFs.19t	82	119	71⅞	71¼	71⅞	+2⅛
TrnMus	33	15	28¾	28¼	28¾	
Trnwck	35	105	13¾	13¼	13½	
TriStar	19	287	10½	10¼	10½	+ ⅛
TriadSy	25	378	12¾	12⅛	12½	+ ⅜
Trimed 1		257	17⅛	17	17⅛	+ ⅛
TrusJos	14	14	22¼	21⅜	21⅜	− ½
TrstAm	14	177	17½	17¼	17¼	− ¼
Tsrtcp 1.28	12	154	32¼	32	32¼	+ ½
20Cntn .32	16	312	25¼	25	25	− ¼
TycoTy	10	257	13⅛	12⅞	12⅞	− ⅛
Tysons	18	751	18⅛	17⅞	17⅞	− ¼
U U						
UTL	23	316	18⅞	18¾	18	+ ⅛
Ungrmn	39	1602	12¼	11⅞	12⅛	+ ⅜
Unifi	21	505	18⅛	17¾	18	+ ¼
UnPlntr.30e	14	44	33	32½	32½	− ½
UnWarn	25	149	47¾	47⅜	47⅜	+ ⅛
UACm .04	186	253	29⅜	28¾	29⅜	+ ½
UBCol .54j	32	1444	20⅛	19⅞	20⅛	+ ⅛
UnCosF .50	6	5	18¾	18⅝	18¾	+ ⅛
UHltCr	15	1805	5½	4½	5¼	− ⅛
UtdSvrs .72	6	533	22¾	21¾	22	− ½
US Bcs .88	10	1045	27⅞	27⅝	27¾	+ ⅛
US HltC .18	18	16936	13⅛	12⅝	13	+ ¼
US Sur .40	23	502	33	32½	32½	− ⅜
US Trs 1	14	194	42½	41¼	41¾	
USstn .24	22	211	20¼	19¾	20¼	+ ½
UVaBk 1.04	12	810	29	28½	28⅞	+ ¼
UnvFrs.03e	17	80	19	18½	19	
UnvHlt .33e	22	258	9	8⅞	8⅞	
V V						
VBand	30	198	32	31½	32	+ ½
VLI		233	4¼	4⅛	4¼	
VLSI	138	878	17¼	16½	16½	− ⅜
VM Sfts	28	1921	19	18¼	18¾	+ ¼
VWR .80	10	52	26½	26	26½	+ ½
ValidLg	213	481	4½	4¼	4¼	
ValFSs	5	44	16¼	15¾	15¾	− ½
ValNtl 1.44	54	233	38¼	38	38⅛	+ ⅛
Vicorp		592	11¼	10⅝	11⅛	+ ¾
ViewMs	16	7	11¾	11½	11¾	
Viking	16	57	17½	17¼	17½	+ ¼
Vipont	74	175	19⅝	19¼	19¼	+ ⅛
Vitalnks		2765	18¾	17	18½	+ ¾
Volvo 1.24e		114	55½	55¼	55½	− ⅛
W W						
WD 40 1.32a	22	112	32½	32	32½	
Walbro .40	10	412	22½	22¼	22¼	− ¼
Warren		8	9½	9¼	9½	+ ⅛
WashEs1.28	19	151	16⅞	16⅝	16⅝	
WFSLs .80	8	114	30½	29¾	29¾	−1
WMSBs .60	4	1061	34	33½	34	+ ⅜
WatrlGl.44e	14	13	18	17¾	18	+ ¼
Watsind.06e	19	19	21½	20¾	20¾	− ¾
WausP .48	12	235	29	28¼	28½	− ½
WbstFn 05e		286	11⅛	10½	11	+ ½
Welbilt	16	92	u22½	22	22¼	+ ½
Westcp		60	7½	7⅛	7⅛	− ⅜
WstAut	27	416	12¼	11¾	11¾	
WstCap	9	194	15½	15⅛	15½	+ ⅛
WstFSL.10e	4	231	21⅛	20⅝	21⅛	+ ¼
WnWste	27	98	25	24½	24¾	+ ¼
WstnPb	20	466	u17⅛	16½	17⅛	+ ⅜
WITIA	15	250	18½	18	18¼	− ¼
Wstmrk		588	22	21¼	21¾	+ ¼
WmorC .60	15	61	24¼	23¾	24¼	+ ¼
WstwOs	42	639	u31	30¼	30½	+ ½
Wetra1.04b	16	199	48¼	47½	48¼	+ ½
WillyJA 1.10	38	15	44	42½	42½	
Willamt1.08	14	750	53½	52½	53	+ ¼
WmAL	14	479	19¼	19	19	
WMSFS		75	14¼	14	14	− ¼
WilmTs .84	13	428	29	27½	28¾	+ ¾
WilsnF	14	241	10	9⅞	10	+ ⅛
Windmr	19	404	12¼	11⅞	12	
WiserO .40	208	33	21	20¾	20¾	
Woburn .20		60	10⅞	10⅝	10⅞	+ ½
WCYS .15e		182	13⅛	12⅞	13	
WOW		17279	7⅞	7	7¼	− ⅛
Worthgs .36	23	833	u23⅞	23⅛	23¾	+ ¼
Wyman .80		52	19	18½	19	+ ½
Wyse	21	3294	33¼	32⅛	33	+ ⅛
X Y Z						
XL Dts	53	371	20½	19¾	19¾	− ⅞
XOMA		375	20¼	19¾	20¼	+ ½
Xicor	359	7604	u14¾	13¼	14⅜	+1
Xidex		3081	14⅛	13⅝	14⅛	+ ⅜
Xylogic	19	112	16	15½	15¾	− ¼
Xyvsn	33	876	14½	14	14½	+ ¾
YlowFs .62	23	12101	40⅝	40¼	40½	+ ½
ZenNtl .80	12	304	23⅜	22¾	22¾	−1
ZionUt 1.44		15	41¼	40½	41¼	+ ¼
Zondvn		784	13	12½	12⅝	− ⅜

Indices

NEW YORK DOW JONES

	August 7	August 6	August 5	August 4	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2592.00	2594.23	2566.72	2557.08	2594.23 (6/8)	1927.31 (2/1)	2594.23 (6/8/87)	41.22 (2/7/32)
Home Bonds	87.57	87.70	87.79	87.70	95.51 (9/2)	87.07 (22/5)	(—)	(—)
Transport	1082.85	1074.03	1069.59	1060.59	1082.85 (7/8)	816.38 (2/1)	1082.85 (7/8/87)	12.32 (8/7/32)
Utilities	204.54	204.13	202.23	200.92	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2611.93 (2600.92) Low 2576.21 (2551.82)

STANDARD AND POOR'S	August 7	August 6	August 5	August 4	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	323.00	322.09	318.45	316.23	323.00 (6/8)	246.45 (2/1)	323.00 (6/8/87)	4.40 (1/6/32)
Industrials	378.21	377.37	373.04	370.65	378.21 (31/7)	274.58 (2/1)	378.21 (31/7/87)	3.62 (21/6/32)
Financials	30.24	30.09	29.66	29.52	31.51 (6/3)	25.97 (29/5)	31.51 (6/3/87)	8.64 (1/10/74)
NYSE Composite	180.87	180.37	178.54	177.39	180.87 (7/8)	141.01 (2/1)	180.87 (7/8/87)	4.46 (25/4/42)
Amex Mkt. value	361.06	361.38	359.67	358.82	361.38 (6/8)	267.49 (2/1)	361.38 (6/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	443.58	440.80	436.26	432.77	443.58 (7/8)	353.26 (2/1)	443.58 (7/8/87)	54.87 (3/10/72)

	July 31	July 24	July 17	year ago (approx.)
Dow Industrial Div. Yield	2.68	2.77	2.74	3.82
	Aug 6	July 30	July 23	year ago (approx.)
S and P Industrial Div. Yield	2.32	2.32	2.37	3.10
S and P P/E ratio	24.62	24.39	23.82	17.48

TRADING ACTIVITY † Volume

Millions	Aug. 7	Aug. 6	Aug. 5
New York	213,942	193,068	193,356
Amex	16,100	14,540	15,310
OTC	(—)	149,671	151,835

NEW YORK	Aug. 7	Aug. 6	Aug. 5
Issues Traded	1,981	1,969	1,986
Rises	870	1,033	962
Falls	718	540	611
Unchanged	393	396	413
New Highs	140	107	103
New Lows	9	14	13

CANADA

TORONTO	August 7	August 6	August 5	August 4	1987 High	1987 Low
Metals & Minerals	3350.4	3396.9	3429.5	3483.6	3483.6 (4/8)	1988.2 (2/1)
Composite	4038.1	4039.8	4040.9	4055.00	4055.00 (4/8)	3067.8 (2/1)
MONTREAL Portfolio	2026.9	2029.94	2037.54	2035.32	2224.77 (16/7)	1534.3 (2/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
House Ind	4,502,600	32⅞	−⅛
ATT	3,056,100	33¼	+¼
Mid-So Util	2,597,000	9½	−¼
Texaco	2,530,100	45	−⅝
IBM	2,386,900	164⅛	+1⅛
Nat Semi	1,986,700	14⅛	+¼
Vanty CP	1,977,900	3	+⅛
Hanson Tr	1,853,200	14½	−⅛
Union Carb	1,632,900	28¼	+½
AMR Corp	1,630,600	65⅛	+1½

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	1987 High	1987 Low
AUSTRALIA All Ord (1/1/80)	2083.9	2083.4	2088.1	2087.8	2088.1 (5/8)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1412.8	1420.8	1440.1	1463.3	1453.3 (4/8)	729.1 (2/1)
AUSTRIA Credit Aktien (30/12/84)	215.17	216.43	216.73	219.32	230.60 (2/1)	182.21 (19/6)
BELGIUM Brussels SE (1/1/84)	5235.58	5214.85	5199.47	5219.40	5374.33 (29/7)	3987.86 (9/1)
DENMARK Copenhagen SE (3/1/83)	(u)	206.10	206.10	205.84	217.57 (22/1)	189.64 (6/1)
FINLAND Unitas General (1975)	609.8	612.9	616.1	614.5	616.6 (28/7)	425.2 (5/1)
FRANCE CAC General (31/12/82)	410.40	410.50	407.20	408.60	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	105.20	105.90	104.70	104.50	117.2 (26/3)	97.8 (2/1)
GERMANY FAZ Aktien (31/12/58)	663.09	660.42	654.74	646.62	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	2039.30	2033.20	2012.00	1998.00	2048.3 (6/1)	1633.8 (19/3)
HONG KONG Hang Seng Bank (31/7/64)	3536.19	3497.95	3517.13	3531.88	3536.19 (7/8)	2449.88 (20/1)
ITALY Banca Com. Ital (1972)	657.43	666.39	671.11	678.19	767.34 (30/4)	657.43 (7/8)
JAPAN** Nikkei (16/5/49)	24800.95	24658.23	24297.15	24172.60	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2041.49	2029.23	2006.47	1997.74	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS ANP CBS Gen (1970)	327.50	327.50	324.50	321.70	327.50 (6/8)	257.7 (28/1)
ANP CBS Indust. (1970)	278.80	276.20	273.80	271.60	278.80 (7/8)	243.7 (28/1)
NORWAY Oslo SE (4/1/83)	502.52	495.16	494.28	494.61	505.52 (7/8)	361.98 (2/1)
SINGAPORE Straits Times (30/12/66)	1464.22	1435.95	(c)	1407.22	1464.22 (7/8)	889.08 (2/1)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	2432.0	2404.0	2488.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2204.0	2197.0	2206.0	2206.0 (4/8)	1423.0 (2/1)
SPAIN Madrid SE (30/12/85)	286.95	283.30	288.38	294.57	294.57 (4/8)	202.89 (8/5)
SWEDEN Jacobson & P. (31/12/56)	2957.30	2954.40	2929.50	2891.90	2957.30 (7/8)	2111.39 (28/1)
SWITZERLAND Swiss Bank Corp (31/12/58)	674.80	674.90	666.60	663.50	674.90 (6/8)	559.7 (25/2)
WORLD M.S.Capital Intl. (1/1/70)	—	466.8	463.4	460.80	480.30 (12/6)	361.3 (2/1)

**Saturday August 1: Japan Nikkei 24,755.95

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase shares.

PARKFIELD GROUP PLC

(Registered in England No. 681440)

Introduction to the Official List

Rights Issue of 8,884,703 new ordinary shares of 2p each at 340p per share

SHARE CAPITAL

Authorised £		Issued £
1,175,000.00	Ordinary shares of 2p each – fully paid	655,776.24
	New Ordinary shares of 2p each – nil paid (payable in full on acceptance not later than 3.00 pm on 28th August, 1987)	177,694.06
		833,470.30
2,750,000.00	7 per cent. cumulative convertible redeemable preference shares of £1 each	2,750,000.00
3,925,000.00		3,583,470.30

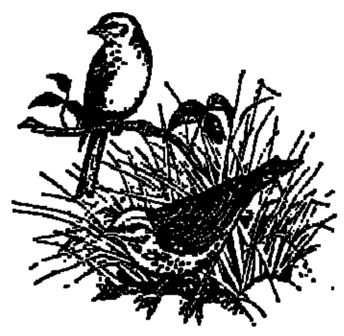
Parkfield Group PLC is an industrial holding company with its principal interests in the manufacture of a range of industrial products and in the distribution of electrical, gas heating, pharmaceutical, photographic and video products and records.

The Council of The Stock Exchange has admitted the above mentioned shares to the Official List. Listing Particulars relating to Parkfield Group PLC are available through the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during usual business hours on any week day (Saturdays and public holidays excepted) up to and including 12th August, 1987, from the Company Announcements Office of The Stock Exchange and up to and including 28th August, 1987, from:

James Capel & Co.	Parkfield Group PLC	Murray & Co.
James Capel House	Longdene House	Stockbrokers Limited
6 Bevis Marks	Haslemere	Beaufort House
London EC3A 7JQ	Surrey GU27 2PH	94-96 Newhall Street
		Birmingham B3 1PE

10th August, 1987

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.



YELLOWHAMMER PLC

(Incorporated in England under the Companies Acts 1948 to 1976 No. 1395446)

INTRODUCTION BY
JAMES CAPEL & CO.
of 10,360,000 Ordinary Shares of 5p each

SHARE CAPITAL

Authorised		Issued and fully paid
£650,000	Ordinary Shares of 5p each	£518,000

Yellowhammer plc ("the Company") is a holding company which, through its subsidiaries, is engaged in the advertising and marketing services industry.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of the Company to be admitted to the Official List. The whole of the issued ordinary share capital of the Company was formerly dealt in on the Unlisted Securities Market.

Particulars of the Company are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 24th August, 1987 from:-

James Capel & Co.,	Yellowhammer plc,
James Capel House,	46 Wigmore Street,
6 Bevis Marks,	London W1H 9HF
London EC3A 7JQ.	

10th August, 1987

This advertisement is issued in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an offer or invitation to any person to subscribe for or purchase any securities in the Company.

FKB Group plc

(Incorporated in England under the Companies Acts 1948 to 1981 No. 1616274)

Application has been made to the Council of The Stock Exchange for the whole of the Company's issued share capital, formerly dealt in on the Unlisted Securities Market, to be admitted to the Official List.

Introduction of the whole of the Ordinary share capital to the Official List

SHARE CAPITAL

Authorised		Issued and fully paid
£825,000	Ordinary shares of 5p each	592,705

The principal activity of the Group is sales promotion. The Group also offers a number of marketing services.

Details relating to FKB Group plc and the above shares are available in the statistical services of Extel Financial Limited.

Copies of the Listing Particulars may be obtained from the Company Announcements Office of The Stock Exchange until 12th August, 1987 and during usual business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 24th August, 1987 from:

James Capel & Co	**FKB Group plc**	**County NatWest Limited**
James Capel House	Palace Wharf	Drapers Gardens
6 Bevis Marks	Rainville Road	12 Throgmorton Avenue
London EC3A 7JQ	London W6 9HD	London EC2P 2ES

10th August, 1987

James Capel
CORPORATE FINANCE

The Corporate Finance Department will be moving to:

6 Devonshire Square, London EC2M 4LB
Telephone: 01-283 5230 Fax: 01-623 5768.

With effect from 10th August, 1987

Closing prices, August 7

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20½	AAR s	.50	1.5	23	34	34¼	34	34¼	+¼
37	22	ADT	.92	2.9	18	1083	31¾	30½	31⅝	+⅞
30	16¾	AFG s	.16	.5	10	777	29¾	29⅜	29⅝	+⅛
22⅜	8⅝	AGS s			19	1208	20½	19⅝	20⅛	−⅛
11	6¾	AMCA				25	9½	9¼	9¼	
9⅜	4⅞	AM Intl				2981	8⅛	7⅞	8	
64¾	49¼	AMR			14	1828	u65½	64	65	+1½
11¾	8	ARX s			12	85	10⅜	10¼	10⅜	
73½	31	ASA	2a	2.9		805	68⅝	67⅝	67⅞	−½
20	9¾	AVX		1.8	36	2444	18⅛	16⅝	18	+1¼
67	41	AbtLab	1	1.6	25	6339	63	62	62⅝	+⅞
28	24¼	Abitibi g				120	28	27½	27½	−⅜
28⅞	16⅝	AccoW s	.44	1.5	25	23	u29⅛	28¾	28¾	−⅛
16¾	9	AcmeC	.40	2.5	16	233	16	15¾	15⅞	
9¼	6⅛	AcmeE	.32b	3.6	34	32	9	8⅞	8⅞	−⅛
23⅞	19	AdaEx	3.42e	16		60	21⅞	21⅝	21¾	
19½	11⅜	AdmM s	.24	1.7	11	30	14⅜	14	14⅜	+⅜
25⅛	12⅞	AdvSys	.82i	2.5	18	943	24⅞	24⅜	24¾	+¾
24½	12⅞	AMD				9980	20⅝	19⅞	20¼	+⅝
54¾	47	AMD pf	3	5.8		298	51⅞	50¾	51⅞	+1½
11⅞	5¼	Adobe				500	11⅜	11⅛	11⅛	+⅛
20½	14	Adob pf	1.84	9.3		12	19⅞	19¾	19⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 29

NYSE COMPOSITE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
9	4¼	PogoPd				657	8¾	8¼	8¾	+⅜
42¾	27⅝	Polaroid s .60		1.8	17	8803	33½	31⅞	32⅝	−⅞
24½	8⅞	PopTals .44		1.9	16	478	23¼	22¼	23⅛	+1⅛
17¾	11⅛	Portec				82	14¼	13¾	14¼	+½
36¾	22¾	PortGC1.96		7.9	13	137	24¾	24½	24¾	+¼
29⅝	27¼	PorG pf2.60		9.4		4	27¾	27¾	27¾	
41⅞	25¾	Potlchs.84		2.3	16	831	37¼	35⅝	36¾	+½
28⅝	21¼	PotmEl 1.30		5.9	11	905	22⅜	21⅞	22	−¼
173½	134	PotEl pf2.44		1.9		2	129	d129	129	−6
49¼	42¼	PotEl pf3.37		7.8		50	43	43	43	−½
29⅞	17½	Premk n .32		1.2		1971	27⅞	27¼	27¾	+⅛
42	28	Premin .44		1.1	25	205	41½	41	41⅛	+⅜
29⅛	23⅞	Primrk 1.30		5.0	10	202	26	25¾	26	+¼
28½	15⅝	PrimeC			25	6129	28⅛	27⅜	27½	−⅛
46½	24½	PrimeM .08		.2	28	939	42	41½	41½	−¼
21¾	17	PrmMLs1.04e		6.0		22	17¼	17¼	17¼	−½
53½	35¾	Primerca1.60		3.4	14	3891	48	47⅛	47¾	+⅜
91⅝	62½	Primc pf 3		3.6		87	85⅝	82⅝	85⅝	+2¼
119½	110½	Primc pf13.75		12.		1	110½	110½	110½	
99⅝	65⅞	ProctG2.70		2.8	21	5271	98½	95¾	96¾	−⅜
21⅞	15½	PrdRs .32		1.8	21	110	17½	17¼	17½	+⅛
36½	26⅝	ProgCp .40		1.4	11	1116	29⅞	29	29½	+¼
10⅛	9⅞	Proloc n				5	9⅞	9⅞	9⅞	−⅛
45¾	27	Proler 1.40		3.1		89	45¾	45½	45½	−¼
1¾	1⅛	PruRlC			3	37	1⅝	1½	1½	−⅛
8¼	6	PruRl .83e		9.9		34	8⅝	8¼	8⅜	
22⅞	16	PSvCol 2		9.4	8	270	21⅜	21⅛	21⅜	
[illegible]										

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61¼	51	Xerox	3	3.9	17	9688	77	75¼	76½	+1⅛
58¼	54¼	Xerox pf5.45		9.8		61	55⅝	55⅛	55½	
31½	21½	XTRA	.64	2.1	25	347	31⅜	30⅝	31	
27½	25⅝	XTRA pf1.94		7.0		195	u27⅞	27¾	27¾	+¼
27⅞	15	Yorkin			13	176	26⅞	26½	26¾	−¼
7¼	2¼	Zapata				634	6¼	6	6⅛	+⅛
32⅞	20¾	Zayre	.40	1.3	19	x8452	30⅞	28¾	30⅞	+1¼
14¾	9¾	Zemex	.40	3.1	8	5	13	13	13	
32⅝	18⅞	ZenithE			128	1407	32⅛	31¾	31⅞	−⅛
13½	8	ZenLab				481	9⅞	9½	9¾	+⅛
19½	12⅝	Zero	.36	1.9	19	377	19¼	18¾	19⅛	+¼
30¾	17⅝	Zurmin s			19	393	28⅞	28½	28⅝	−¼
10⅝	8¾	Zweig n.85e		8.5		855	10	9⅞	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, August 7

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, Closing prices August 7

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 26

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Better trade figures expected for the US and UK

THE LAST month or so has not been a very successful period as far as many economic forecasters are concerned.

In general the news released on the UK economy was much worse than expected, while most forecasts on the major US statistics were a little wide of the mark.

Second quarter US GNP growth rose 2.6 per cent, against forecasts of around 2 per cent, while the rise to $14.4bn in the May trade deficit was not widely expected. Forecasts centred around a figure little changed from the April deficit of $13.3bn.

This week presents plenty of opportunity for the forecasters to redeem themselves, although how much impact the considerable number of US statistics will have on the dollar is questionable.

The market appears to have turned away from pure number watching, with the dollar's recent rise put down to technical strength on charts, and such imponderables as the mood in Tehran and the likelihood of a clash between Iran and the US, plus trying to guess whether a rise in yields will be enough to tempt strong Japanese demand at the delayed US Treasury quarterly refunding auctions.

This week's most important day is likely to be Friday, when figures on US trade, industrial production and producer prices are released. According to a survey by Money Market Services the median forecast for the June US trade deficit is $13bn. Among forecasts from the US, Goldman Sachs is in line with the general level at $13bn, while Merrill Lynch expects $12.5bn. In London, Kleinwort Grieveson Securities agrees with $12.5bn, Morgan Grenfell looks for $12.8bn, Nomura Research Institute goes with the general view of $13bn, and Baring Brothers suggests $13.3bn.

Several economists pointed out that an improvement in the deficit is expected because for the first time Washington is taking into account Canadian figures, which are believed to be more accurate and consistently give a more favourable figure to the US on the trade balance between the two countries.

An MMS survey points to a rise in July US industrial production of 0.2 per cent. MMS itself, Kleinwort Grieveson, and Morgan Grenfell all believe the figure will be 0.3 per cent.

Forecasts for the rise in July producer prices range between 0.3 per cent and 0.5 per cent.

As far as UK statistics are concerned, all eyes will be on Tuesday's June UK trade figures. Merrill Lynch in London said that after last Thursday's surprising rise in bank base rates any figure better than the May trade deficit of £1.16bn and a current account shortfall of £561m will be considered encouraging.

The sharp fall in gilts and equities at the end of last week means bad trade figures are already reflected in prices, but while fearing the worst City economists could see no underlying reason to change their forecasts of an improved trade balance.

MMS says the median is for a visible deficit of £750m, and a current account deficit of £150m. Goldman Sachs London economic unit agrees with these figures, while Merrill Lynch, and County NatWest Gilt Edged Securities expect £650m and £50m. Stockbroker James Capel, Nomura, and Morgan Grenfell forecast £800m and £200m, Baring Brothers expects £790m and £196m, and Kleinwort Grieveson suggests £850m and £250m.

£ IN NEW YORK

July 31	Close	Previous Close
£ Spot	1.5905-1.5915	1.5925-1.5935
1 month	0.30-0.29 pm	0.30-0.29 pm
3 months	0.92-0.90 pm	0.89-0.86 pm
12 months	3.38-3.31 pm	3.30-3.25 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Aug 7	Previous
8.30 am	72.1	72.1
9.00 am	72.1	72.0
10.00 am	72.0	72.0
11.00 am	72.0	72.0
Noon	72.0	72.0
1.00 pm	72.0	72.1
2.00 pm	72.0	72.3
3.00 pm	71.9	72.1
4.00 pm	72.0	72.1

CURRENCY RATES

Aug. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79868	0.700655
U.S. Dollar	5.5	1.2559	1.10178
Canadian $	8.75	*	1.46008
Austrian Sch.	4	16.6208	14.5799
Belgian Franc	7¼	49.0562	43.0245
Danish Krone	7	9.00495	7.89701
Deutsche Mark	3.0	2.3639	2.07355
Neth. Guilder	4½	N/A	2.33401
French Franc	9½	7.8872	6.91852
Italian Lira	11.5	N/A	1503.65
Japanese Yen	2½	189.90	166.589
Norway Krone	8	N/A	7.58300
Spanish Peseta	—	"	140.973
Swedish Krona	7½	"	7.22878
Swiss Franc	3.5	"	1.72153
Greek Drach.	20½	"	156.827
Irish Punt	—	"	0.773831

*CS/SDR rate for Aug. 6: 1.66170.

CURRENCY MOVEMENTS

Aug. 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.0	−21.5
U.S. Dollar	104.9	−2.8
Canadian Dollar	79.1	−9.7
Austrian Schilling	136.4	+10.1
Belgian Franc	99.2	−4.8
Danish Krone	91.0	+2.0
Deutsche Mark	145.5	+21.1
Swiss Franc	170.3	+21.8
Guilder	133.9	+14.1
French Franc	70.9	−13.2
Lira	46.7	−18.7
Yen	214.1	+59.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Aug. 7	£	$
Argentina	3.1555-3.1695	2.0130-2.0210
Australia	2.2410-2.2440	1.4285-1.4295
Brazil	72.3305-72.7255	46.1410-46.3720
Finland	7.1575-7.1700	4.5670-4.5700
Greece	221.85-225.65	140.85-143.25
Hong Kong	12.2430-12.2525	7.8105-7.8115
Iran	115.65*	72.80*
Korea Sth	1268.85-1280.35	805.20-811.80
Kuwait	0.44710-0.44830	0.28545-0.28595
Luxembourg	61.30-61.40	39.10-39.20
Malaysia	3.9855-3.9900	2.5425-2.5440
Mexico	2268.30-2270.90	1447.00-1448.00
N. Zealand	2.7315-2.7365	1.7405-1.7430
Saudi Ar.	5.8730-5.8780	3.7490-3.7500
Singapore	3.3115-3.3150	2.1125-2.1135
S. Af. (Cm)	3.2455-3.2615	2.0835-2.0875
S. Af. (Fn)	5.3905-5.3680	3.3060-3.4190
Taiwan	47.80-48.05	30.35-30.45
U.A.E.	5.7530-5.7580	3.6725-3.6735

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5675	1.5633	1.5533	1.5455	1.5300
D-mark	2.9625	2.9473	2.9159	2.8766	2.7983
French Fr	9.8825	9.8670	9.8434	9.8184	9.7930
Swiss Fr	2.4650	2.4515	2.4259	2.3911	2.3223
Yen	237.50	236.22	232.85	230.59	224.40

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0245	+1.33	+0.77	±1.5344
Danish Krone	7.85212	7.89701	+0.57	+0.01	±1.6404
German D-Mark	2.05853	2.07355	+0.73	+0.17	±1.0981
French Franc	6.90403	6.91852	+0.21	−0.35	±1.3674
Dutch Guilder	2.31943	2.33401	+0.63	+0.07	±1.5012
Irish Punt	0.768411	0.773831	+0.71	+0.15	±1.6684
Italian Lira	1483.58	1503.65	+1.35	+1.30	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.568	2.963	237.5	9.883	2.465	3.335	2148.	2.078	61.35
$	0.638	1.	1.890	151.5	6.305	1.572	2.128	1370.	1.325	39.15
DM	0.338	0.529	1.	80.17	3.336	0.832	1.126	724.9	0.701	20.71
YEN	4.211	6.600	12.47	1000.	41.61	10.38	14.04	9042.	8.747	258.3
F Fr.	1.012	1.586	2.998	240.3	10.	2.494	3.375	2173.	2.102	62.08
S Fr.	0.406	0.636	1.202	96.35	4.009	1.	1.353	871.2	0.843	24.89
H Fl.	0.300	0.470	0.888	71.21	2.963	0.739	1.	643.9	0.623	18.40
Lira	0.466	0.730	1.380	110.6	4.602	1.148	1.553	1000.	0.967	28.57
C $	0.481	0.756	1.426	114.3	4.757	1.187	1.605	1034.	1.	29.53
B Fr.	1.630	2.555	4.829	387.1	16.11	4.018	5.436	3500.	3.386	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

EURO-CURRENCY INTEREST RATES

Aug. 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9-8½	9¼-9	10-9⅞	10 3/16-10 1/16	10⅜-10¼	10⅝-10½
U.S. Dollar	6 7/16-6 5/16	6⅝-6½	6¾-6⅝	7 1/16-6 15/16	7 5/16-7 3/16	7⅞-7⅝
Can. Dollar	8¾-8½	8¾-8½	8⅞-8⅝	9⅛-8⅞	9½-9¼	9⅞-9⅝
D. Guilder	5 5/16-5 3/16	5¼-5⅛	5¼-5⅛	5⅜-5¼	5 7/16-5 5/16	5½-5⅜
Sw. Franc	2-1⅞	2⅞-2⅝	3 3/16-3 1/16	3 13/16-3 11/16	4-3⅞	4 1/16-3 15/16
Deutschmark	3⅝-3½	3⅝-3½	3 7/16-3⅜	4-3⅞	4¼-4⅛	4 5/16-4 3/16
Fr. Franc	7⅞-7½	7 11/16-7 9/16	7 11/16-7 9/16	8 1/16-8 3/16	8¾-8⅝	9¼-9⅛
Italian Lire	13-11	13-11	12¾-12¼	12¾-12¼	12½-11⅞	12⅛-11⅝
B. Fr. (Fin.)	6¼-6	6½-6¼	6½-6⅜	6⅝-6½	6 13/16-6 11/16	7 5/16-7 3/16
B. Fr. (Con.)	6¼-6	6½-6¼	6½-6¼	6¾-6½	7-6¾	7¼-7
Yen	3½-3⅜	3½-3⅜	3 11/16-3⅝	4 1/16-4	4¼-4⅛	4 7/16-4⅜
D. Krone	9½-9¼	9½-9	10½-10	10¾-10¼	11¼-10¾	11¼-10¾
Asian $Sing.	4½-4¼	N/A	4 1/16-3 15/16	4 3/16-4 1/16	4⅜-4¼	4⅞-4¾

Long-term Eurodollars: Two years 8 3/16-8 1/16 per cent; three years 8⅞-8⅝ per cent; four years 9⅛-8⅞ per cent; five years 9¼-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT—FORWARD AGAINST THE POUND

August 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5650-1.5760	1.5670-1.5680	0.44-0.40c pm	3.22	1.25-1.20 pm	1.85
Canada	2.0744-2.0882	2.0770-2.0780	0.18-0.07c pm	0.72	0.54-0.42 pm	0.92
Netherlands	3.32¾-3.34	3.33-3.34	1⅜-1¼c pm	4.50	4-3¾pm	4.65
Belgium	61.30-61.55	61.30-61.40	22-15c pm	3.62	60-49 pm	3.55
Denmark	11.24¾-11.29¾	11.28-11.29	¼pm-⅜ore dis	−0.20	1½-2⅞ dis	−0.78
Ireland	1.1044-1.1086	1.1050-1.1060	par-0.10p dis	−0.54	par-0.20 dis	−0.36
W. Germany	2.95½-2.96¾	2.95¾-2.96¾	1⅝-1½pf pm	6.08	4⅝-4½ pm	5.91
Portugal	229.27-231.67	229.30-230.30	47-105c dis	−3.80	230-321dis	−4.60
Spain	200.95-201.39	200.95-201.25	61-94c dis	−4.62	221-270 dis	−4.88
Italy	2142¾-2148	2147-2148	3-6lire dis	−2.51	8-15 dis	−2.14
Norway	10.77¼-10.84¼	10.80-10.81	3-4¼ore dis	−3.96	10⅞-12⅛ dis	−4.26
France	9.86-9.88¼	9.87¼-9.88¼	1⅞-1⅜c pm	1.97	4⅛-3½pm	1.59
Sweden	10.29¼-10.34¼	10.32-10.33	1¼-¾ ore pm	1.23	2-⅞ pm	0.56
Japan	237-238¼	237-238	1⅜-1⅛ yen pm	6.32	3¾-3½ pm	6.11
Austria	20.76-20.86	20.77-20.80	10⅝-9⅝ gro pm	5.77	29¾-27⅞ pm	5.50
Switzerland	2.45¾-2.47	2.46-2.47	1½-1¼ c pm	6.69	3⅞-3¾ pm	6.19

Belgian rate is for convertible francs. Financial franc 61.70-61.80. Six-month forward dollar 2.23-2.18 c pm. 12-month 3.80-3.70 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Aug. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5650-1.5760	1.5760-1.5680	0.44-0.40c pm	3.22	1.25-1.20 cpm	1.85
Ireland†	1.4148-1.4237	1.4150-1.4160	0.30-0.20c pm	2.11	0.92-0.82 pm	2.44
Canada	1.3235-1.3275	1.3255-1.3265	0.24-0.27c dis	−2.31	0.69-0.72 dis	−2.13
Netherlands	2.1170-2.1290	2.1270-2.1280	0.29-0.26c pm	1.56	0.94-0.89pm	1.73
Belgium	39.00-39.25	39.10-39.20	3pm-par	0.46	8-3 pm	0.56
Denmark	7.14½-7.19½	7.19¾-7.20¼	1.25-1.95ore dis	−2.68	4.90-5.60 dis	−2.93
W. Germany	1.8800-1.8915	1.8890-1.8900	0.48-0.45pf pm	2.97	1.47-1.42pm	3.07
Portugal	146¼-147¼	147½-147¼	70-105c dis	−7.14	260-315 dis	−7.82
Spain	127.64-128.55	128.30-128.40	85-105c dis	−8.91	230-260 dis	−7.66
Italy	1362-1370½	1369¾-1370¼	6.00-7.00lire dis	−5.72	16.00-19.00dis	−5.13
Norway	6.86½-6.89½	6.89-6.89½	3.95-4.45ore dis	−7.33	11.90-12.40dis	−7.07
France	6.27-6.30¼	6.30¼-6.30¾	0.55-0.65c dis	−1.15	2.05-2.35 dis	−1.40
Sweden	6.55-6.59	6.58½-6.59	0.90-1.25ore dis	−1.97	3.50-3.90 dis	−2.26
Japan	150.95-151.60	151.45-151.55	0.43-0.40y pm	3.30	1.18-1.13 pm	3.06
Austria	13.22¼-13.25½	13.25-13.25½	3.10-2.70gro pm	2.63	9.00-8.00 pm	2.57
Switzerland	1.5610-1.5735	1.5715-1.5725	0.47-0.42c pm	3.42	1.30-1.25 pm	3.27

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.35-39.45. Correction for August 6, W Germany close 1.8825-1.8835.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
110	5.50	6.48	0.04	0.60
112	3.57	5.12	0.11	1.24
114	2.13	3.62	0.31	2.10
116	0.63	2.54	1.17	3.02
118	0.22	1.59	2.40	4.07
120	0.07	1.25	4.25	5.37
122	0.01	0.55	6.19	7.03
124	0.00	0.35	8.18	8.47

Estimated volume total, Calls 3,915 Puts 4,731
Previous day's open int: Calls 35,206 Puts 23,384

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	6.55	6.30	0.01	0.38
84	4.58	4.59	0.04	1.03
86	3.01	3.39	0.11	1.47
88	1.27	2.27	0.37	2.35
90	0.29	1.29	1.39	3.37
92	0.06	0.56	3.16	5.00
94	0.01	0.32	5.11	6.40
96	0.00	0.17	7.10	8.25

Estimated volume total, Calls 87 Puts 167
Previous day's open int: Calls 1,928 Puts 2,273

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Puts—Last Aug.	Puts—Last Sept.
23250	0.98	3.07	9.58	11.67
23500	0.60	2.42	11.70	13.52
23750	0.36	1.88	13.96	15.48
24000	0.20	1.44	16.30	17.54
24250	0.11	1.10	18.71	19.70
24500	0.06	0.82	21.16	21.92
24750	0.03	0.61	23.63	24.21
25000	0.01	0.44	26.11	26.54

Estimated volume total, Calls 54 Puts 13
Previous day's open int: Calls 419 Puts 294

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.45	—	11.70	11.70	11.70	—	0.01	0.14	0.66
1.50	6.70	6.70	6.70	6.87	0.00	0.15	0.73	1.77
1.55	1.85	2.45	3.15	3.90	0.25	1.22	2.35	3.80
1.60	0.04	0.51	1.17	1.94	3.44	4.28	5.37	6.84
1.65	0.00	0.05	0.32	0.84	8.40	8.82	9.52	10.74
1.70	0.00	0.00	0.06	0.31	13.40	13.77	14.26	15.21
1.75	0.00	0.00	—	0.10	18.40	18.77	—	20.00

Estimated volume total, Calls 0, Puts 0
Previous day's open int. Calls 296 Puts 1571

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.45	—	12.70	—	12.90	—	1.50	—	2.70
1.50	9.80	9.80	9.80	9.80	0.20	0.25	0.65	1.10
1.55	4.80	3.45	5.20	5.80	0.35	1.00	1.40	2.35
1.60	0.40	1.05	2.40	3.10	2.30	3.45	3.45	4.70
1.65	0.20	0.45	0.90	1.85	7.50	7.85	7.00	9.20
1.70	0.20	0.20	0.35	0.65	12.55	11.00	11.40	12.10
1.75	0.35	0.50	—	1.20	14.80	15.30	—	16.50

Previous day's open int: Calls 1,046 Puts 163
Volume: 3

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Aug.	Sept.	Oct.	Dec.	Puts—Last Aug.	Sept.	Oct.	Dec.
1.600	—	0.50	1.00	1.60	3.45	4.20	5.10	6.40
1.625	—	0.15	0.50	1.10	6.00	6.35	7.25	8.45
1.650	—	0.05	0.25	0.70	8.40	8.70	9.50	10.30
1.675	—	—	0.15	0.45	10.80	11.20	11.80	12.60
1.700	—	—	0.05	0.25	13.40	13.60	14.10	14.80
1.725	—	—	—	0.15	15.80	16.10	—	17.20
1.750	—	—	—	0.05	18.40	18.50	—	19.50

Previous day's open int: Calls 89,179. Puts 77,044
Previous day's volume: Calls 6,393. Puts 1,215

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.50	1.24	0.88	0.76	0.75	0.00	0.13	0.32	0.57
91.75	0.99	0.69	0.59	0.62	0.00	0.19	0.40	0.69
92.00	0.74	0.51	0.46	0.49	0.00	0.26	0.52	0.81
92.25	0.51	0.35	0.34	0.38	0.02	0.35	0.65	0.95
92.50	0.29	0.22	0.25	0.29	0.05	0.47	0.81	1.11
92.75	0.11	0.14	0.18	0.22	0.12	0.64	0.99	1.29
93.00	0.04	0.08	0.12	0.16	0.30	0.83	1.18	1.48

Previous day's open int: Calls 1,489 Puts 2,656
Estimated volume, Calls 170 Puts 407

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	115.23	115.26	114.20	115.16
Dec.	115.26	115.21	114.27	115.19

Estimated volume 33,473 (56,111)
Previous day's open int. 34,103 (33,539)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sept.	104.33	104.40	104.17	103.48
Dec.	103.93	—	—	103.23

Estimated Volume 841 (763)
Previous day's open int. 875 (1,035)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	89.64	89.75	89.60	89.75
Dec.	89.58	89.70	89.55	89.72
March	89.63	89.73	89.61	89.80
June	89.61	89.65	89.60	89.81
Sept.	89.53	89.70	89.55	89.70
Dec.	89.45	89.60	89.55	89.51

Estimated Volume 7,114 (13,168)
Previous day's open int. 17,480 (17,963)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	223.90	226.30	222.10	226.10
Dec.	228.40	228.30	226.10	230.60

Estimated volume 3,572 (5,360)
Previous day's open int. 7,001 (7,147)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.74	92.77	92.69	92.74
Dec.	92.25	92.32	92.21	92.28
March	91.94	92.01	91.90	91.98
June	91.68	91.74	91.64	91.73
Sept.	91.46	—	—	91.51
Dec.	91.26	—	—	91.31
Mar.	91.07	—	—	91.12
June	90.89	—	—	90.94

Estimated volume 3,839 (5,305)
Previous day's open int. 31,195 (31,499)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	88-27	89-06	88-16	88-28
Dec.	87-28	88-00	87-13	87-29

Estimated Volume 7,088 (5,697)
Previous day's open int. 7,158 (7,037)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	89-14	89-20	88-16	88-31
Dec.	88-15	88-20	87-16	88-01
Mar.	87-17	87-22	86-20	87-04
June	86-22	86-25	85-28	86-08
Sept.	85-29	85-31	85-03	85-15
Dec.	85-06	85-09	84-12	84-25
Mar.	84-17	—	—	84-04
June	83-29	—	—	83-16
Sept.	83-11	—	—	82-30
Dec.	82-26	—	—	82-13
Mar.	82-10	—	—	81-29

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Close	High	Low	Prev.
Sept.	0.6609	0.6640	0.6606	0.6624
Dec.	0.6657	0.6688	0.6653	0.6672
Mar.	0.6711	0.6726	0.6712	0.6726
June	0.6769	—	0.6780	0.6784

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Close	High	Low	Prev.
Sept.	0.5299	0.5332	0.5298	0.5327
Dec.	0.5338	0.5371	0.5336	0.5367
Mar.	0.5380	0.5407	0.5379	0.5410

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	93.98	94.00	93.88	93.96
Dec.	93.64	93.65	93.55	93.64
Mar.	93.35	93.37	93.29	93.35
Jun.	93.12	93.13	93.07	93.12
Sept.	92.90	—	92.88	92.91
Dec.	92.72	—	92.68	92.72
Mar.	92.53	92.53	92.50	92.53

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.79	92.81	92.68	92.75
Dec.	92.31	92.34	92.19	92.30
Mar.	91.99	92.01	91.89	91.98
June	91.72	91.75	91.62	91.72
Sept.	91.48	91.53	91.40	91.49
Dec.	91.28	91.31	91.20	91.29
Mar.	91.09	91.10	91.02	91.10
June	90.92	90.91	90.86	90.93

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Sep.	0.6373	0.6426	0.6371	0.6423
Dec.	0.6423	0.6475	0.6416	0.6473
Mar.	0.6488	—	0.6490	0.6538
June.	0.6563	—	—	0.6598

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
Sept.	325.30	325.95	322.90	323.25
Dec.	327.70	328.70	325.55	325.90
Mar.	330.30	331.10	328.20	328.35
June	—	332.75	330.60	330.80

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5675	1.5633	1.5553	1.5455	1.5300

IMM—STERLING $s per £

	Close	High	Low	Prev.
Sept.	1.5685	1.5685	1.5580	1.5720
Dec.	1.5470	1.5565	1.5455	1.5625
Mar.	1.5380	—	1.5400	1.5575
June	1.5300	—	1.5325	1.5505

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev.
Sept.	1.5623	1.5700	1.5628	1.5702
Dec.	1.5510	—	—	1.5603
Mar.	1.5420	—	—	1.5505

Estimated volume 124 (41)
Previous day's open int 921 (886)

MONEY MARKETS

Looking to justify higher rates

LAST WEEK'S move by the authorities to engineer a rise of 1 per cent to 10 per cent in UK bank base rates was a great surprise to most sections of London's financial markets.

Discount houses can suffer badly from any sudden upward move in rates, but according to one of the biggest houses, only the timing and not the actual move was a shock. Many houses will have already sold large amounts of longer dated bills to the Bank of England in recent weeks, and should not have been too heavily exposed in gilts.

The main question asked was why increase rates at a time when there was no strong pressure in the money market, or on sterling?

Some City economists believe the rise will prove to be a mistake, but it is generally believed the economic data to be released this month will provide the reason.

Apart from the trade figure there is also concern that the input side of today's July producer prices will show a sharp rise, reflecting an increase in commodity prices. The market will also look carefully at Thursday's figure on average earnings for signs of inflationary pressure. Many forecasters expect an underlying rise to 8 per cent in June from 7¾ per cent.

UK clearing bank base lending rate 10 per cent since August 7

There are already suggestions of another sharp rise in bank lending, and if the worst fears prove correct last week's rise in base rates may begin to look insufficient. On the other hand it should be pointed out that economists generally believe the economy remains underlyingly healthy.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 6) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 15/16	offer 7 1/16	bid 7 3/16	offer 7 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 7	July 31		Aug. 7	July 31
Bills on offer	£300m	£300m	Top accepted rate of discount	9.7868%	8.9445%
Total of applications	£1,104m	£1,016m	Average rate of discount	9.7668%	8.9371%
Total allocated	£300m	£300m	Average yield	10.0?%	9.14%
Minimum accepted bid	£97.560	£97.77	Amount on offer at next tender	£300m	£300m
Allotment at minimum level	42%	53%			

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug 7	change
LONDON		
Base rates	10	+1
7 day Interbank	9⅞	+1¼
3-month Interbank	10 3/16	+13/16
Treasury Bill Tender	9.7668	+0.8297
Band 1 Bills	9⅞	+1
Band 2 Bills	9⅞	+1
Band 3 Bills	9⅞	+1
Band 4 Bills	9⅞	+1
3 Mth. Treasury Bill	9⅞	+⅞
1 Mth. Bank Bills	9⅝	+⅞
3 Mth. Bank Bills	9⅞	+⅞
TOKYO		
One month Bills	3.59375	+0.0625
Three month Bills	3.71875	Unch'd
BRUSSELS		
One month	6 7/16	−1/16
Three month	6 9/16	−1/16
AMSTERDAM		
One month	5¼	+¼
Three month	5⅜	+⅛
NEW YORK		
Prime rates	8¼	Unch'd
Federal Funds	6⅝	Unch'd
3 Mth. Treasury Bills	6.02	−0.24
6 Mth. Treasury Bills	6.43	−0.01
3 Mth. C D	6.77	+0.02
FRANKFURT		
Lombard	5.0	Unch'd
One mth. Interbank	3.825	−0.15
Three month	3.925	−0.05
PARIS		
Intervention Rate	7½	Unch'd
One mth. Interbank	7 11/16	Unch'd
Three month	7 13/16	Unch'd
MILAN		
One month	11⅛	−½
Three month	11¼	+⅛
DUBLIN		
One month	9⅞	+⅝
Three month	10⅛	+11/16

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

MONEY RATES

NEW YORK (4 pm)

Prime rate	8¼
Broker loan rate	8-7¾
Fed. funds	6⅝
Fed funds at intervention	6 9/16

Treasury Bills and Bonds

One month	5.17	Three year	7.94
Two month	5.63	Four year	8.16
Three month	6.02	Five year	8.27
Six month	6.38	Seven year	8.50
One year	6.93	10 year	8.68
Two year	7.66	30 year	8.92

August 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.55-3.65	3.75-3.90	3.75-3.90	3.85-4.00	3.95-4.15	5.0
Paris	7½-7⅝	7⅝-7¾	7¾-7⅞	7⅞-8	8¼-8⅜	7½
Zurich	⅞-1⅛	3⅛-3⅜	—	3½-3¾	—	—
Amsterdam	5 1/16-5⅛	5 3/16-5 5/16	—	5 5/16-5 7/16	—	—
Tokyo	3.21875	3.59375	—	3.71875	—	—
Milan	10⅞-11⅛	11⅛-11⅜	—	11½-12	—	—
Brussels	5.40	6¼-6½	—	6½-6⅝	—	—
Dublin	9¼-9¾	9¾-10	10-10	10¼-10½	10⅝-10⅞	—

LONDON MONEY RATES

Aug. 7	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8¾-6¼	9-8¼	9⅞-9⅝	10¼-10 1/16	10⅜-10 3/16	10⅝-10½
Sterling CDs	—	—	9¾-9⅝	10 3/16-10 1/16	10¼-10⅛	10 7/16-10 5/16
Local Authority Deps.	8½	9	9⅝	10 1/16	10¼	10⅜
Local Authority Bonds	—	—	9⅞	10⅛	10¼	10⅜
Discount Mkt Deps.	8½-6¼	8½-8	9½	9¾	—	—
Company Deposits	9-8¾	9½-9¼	9 13/16-9⅝	10¼	10⅜	10 7/16
Finance House Deposits	—	—	9⅞	10¼	10¼	10½
Treasury Bills (Buy)	—	—	9⅝	9⅞	—	—
Bank Bills (Buy)	—	—	9⅝	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10¼	10½	10¼	—
Dollar CDs	—	—	6.85-6.80	6.95-6.90	7.20-7.15	7.80-7.75
SDR Linked Deposits	—	—	6-5⅞	6 5/16-6 3/16	6½-6¼	6⅞-6⅝
ECU Linked Deposits	—	—	6 13/16-6 11/16	7 1/16-6 15/16	7 5/16-7 3/16	7 11/16-7 9/16

Treasury Bills (sell), one-month 9½ per cent; three-months 9 13/16 per cent; Bank Bills (sell): one-month 9½ per cent; three months 9 13/16 per cent; Treasury Bills; Average tender rate of discount 9.7668 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1987. Agreed rates for period August 26 to September 22 1987, Scheme I: 10.59 p.c., Schemes II & III: 10.49 p.c. Reference rate for period July 1 to July 31, 1987, Scheme IV: 9.238 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from August 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from July 16, Deposits withdrawn for cash 5 per cent.